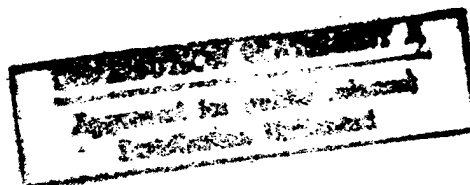


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3 August 1982



# West Europe Report

No. 2006

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**FOREIGN BROADCAST INFORMATION SERVICE**

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## CONTENTS

### ENERGY ECONOMICS

#### GREECE

##### Briefs

Foreign Banks Development Loan 1

#### NETHERLANDS

##### Briefs

Lower Energy Consumption 2

### ECONOMIC

#### CYPRUS

Bentonite Enterprises Running Into Problems  
(CYPRUS MAIL, 4 Jul 82) ..... 3

Government Policy Threat to Venture  
Peletico Group Chairman Analyzes Difficulties,  
Takis Peleties Interview

#### FEDERAL REPUBLIC OF GERMANY

Article Refutes Government Statement on COCOM  
(DIE WELT, 25 Jun 82) ..... 10

Ownership of FRG Industry by OPEC Countries  
(Wolfgang Gehrman; DIE ZEIT, 4 Jun 82) ..... 12

Smuggling, Security Concerns in Inner-German Trade  
(W. Grosse; DIE WELT, 22 Apr 82) ..... 16

## GREECE

Implications of Drettakis Case Studied (Anthony Kefalas; BUSINESS & FINANCE, 3 Jul 82) .....	21
News of Various Companies Related (BUSINESS & FINANCE, 3 Jul 82) .....	25
Developments in Relations With Common Market Aired (BUSINESS & FINANCE, 3 Jul 82) .....	32
Business Facts, Figures Reported (BUSINESS & FINANCE, 3 Jul 82) .....	34

## NETHERLANDS

Wagner Committee Urges End To Wage Indexing, Price Controls (ANP NEWS BULLETIN, 1 Jul 82) .....	43
--	----

## POLITICAL

### CYPRUS

Local Press Views Current Issues (CYPRUS MAIL, various dates) .....	46
Long Absences of President Scored Visit of Italian Minister Criticized	

### ITALY

Cespe Survey on PCI Relations With Fiat Workers (Sergio Scamuzzi; POLITICA ED ECONOMIA, Jun 82) .....	50
--	----

### PORTUGAL

PCP's Brito Attacks AD, PS Over Constitutional Revision (Carlos Brito Interview; AVANTE, 24 Jun 82) .....	68
--	----

## MILITARY

### NETHERLANDS

Defense Minister's Plans To Cut Jobs, Save Money (ANP NEWS BULLETIN, 9 Jul 82) .....	77
---	----

GENERAL

FEDERAL REPUBLIC OF GERMANY

Espionage Activity of USSR Military Mission (Werner Kahl; DIE WELT, 7 Jun 82) .....	79
GDR Agent Sentenced for Attempted Espionage (Hans-R. Karutz; DIE WELT, 16 Jun 82) .....	80

GREECE

Briefs Judicial, Diplomatic Appointments	82
---	----

## BRIEFS

FOREIGN BANKS DEVELOPMENT LOAN--The DEI [Public Power Corporation] will receive a loan totaling \$250 million from a group of foreign banks to implement a development program for the production, transportation and distribution of electric energy. The new development program, whose main goal is the best possible use of our national physical resources (lignite, water, wind and solar energy), envisions investments up to 35 million drachmas for the current year; however, it is expected that this amount will soon increase. The loan is being granted by the Royal Orion Bank group in London, of which the London branch of the Greek National Bank is a participant. The DEI investments are principally related to the construction of energy plants such as the one in Aghios Dimitris in Kozani (4 units of 300 MW each) and of Amyndaios in Florina (2 units of 300 MW each), to the construction of hydro-electric projects such as those in Sfikia and Asomatoi (5 units totaling 360 MW) and to the establishment of transportation and distribution networks. [Text] [Athens I KATHIMERINI in Greek 23 Jul 82 p 7]

CSO: 4621/455

## BRIEFS

LOWER ENERGY CONSUMPTION--The Hague, July 9--Dutch energy consumption dropped by 5.1% in 1981, the economic ministry said today, quoting central statistical office figures. Overall domestic energy consumption stood at 2,575 petajoules, a unit corresponding with the heat produced by 24,000 tonnes of oil or 32 million cubic metres of natural gas, the ministry said. Coal use rose last year, but consumption of oil fell by 7.0% and of gas by 4.8%, so that energy use fell by 138 petajoules on balance. Industry used 43% of total domestic energy consumption (down 5%). Transport used 1.4% less and households 5.0% less. Energy production dropped by 7.1% to 1,991 petajoules, while imports and exports fell by 8.5% and 6.4% respectively. Overall domestic energy consumption in the first quarter of 1982 stood at 715 petajoules 7.8% down on the first quarter of 1981. [Text] [The Hague ANP NEWS BULLETIN in English 10 Jul 82 p 2]

CSO: 3120/86

## BENTONITE ENTERPRISES RUNNING INTO PROBLEMS

## Government Policy Threat to Venture

Nicosia CYPRUS MAIL in English 4 July 82 p 1

[Text]

CYPRUS exports of Bentonite fetched just over £700,000 during the last year but the Peletico Group, which is the only processor and exporter of the product, is faced with two problems.

One is a falling demand and the other is the threat from the government of non-renewal of their quarrying permits at Pentakomo village where the raw material is extracted.

Bentonite is a non-metallic mineral of the clay family, which is used as an oil and gas well drilling mud (to solidify the borehole walls) for pelletising in the iron industry, for foundries and as an anti-moisture element.

The Peletico bentonite processing unit uses the most up to date extrusion methods developed with the aid of Baroid of the USA and Erbloeh of West Germany and Peletico «Bentocyp Penta» is a sodium exchanged bentonite of instant high gell forming, manufactured to the specifications of OCMA (Oil Companies Materials Association).

Mr Takis Peleties, the Chairman of the Peletico Group, explained at a press conference the difficulties which the bentonite venture had to overcome before it could reach the present advanced stage.

However with the fall in oil sales and hence reduction in oil drilling and the recession in the iron industries, demand has been falling and the company is facing stiff competition in overseas markets where it almost exclusively sells its

product.

Yet, even more serious for the company is the threat of non-renewal of its quarrying permits by the government.

The Chairman said the officials at the Ministry of Commerce and Industry have been suggesting direct government exploitation but, as he explains, that could contradict the government's declaration that the state steps in when private industry is unwilling or unable to take initiatives.

There have been suggestions, he said, that the government favours the setting up of a company in which the government would have 20% of the shareholding, the Cyprus Development Bank another 20%, an unnamed foreign firm 20% while the remaining 20% will be offered to the public.

Government officials argue that there could be no room for two ventures in this field and Mr Peleties agrees, but, he says, why the government should wish to scrap one industrial unit to start another.

The Peletico group has proposed share to convert its bentonite manufacturing company into a public one with share issues to the public and he hoped that government would react favourably to this suggestion.

Asked what would be done



if the government decided to nationalise the industry, Mr Peleties said they would not object but the government does not say what it would do with the existing plant of the company.

Mr Peleties says that in the event government insists and refuses to renew the quarrying permits, the company will take its case to the courts.

Already the government has refused renewal of one permit but the grounds for refusal are given as protection of the pla-

ce for touristic purposes.

In this case the company has filed objections on the grounds that other quarrying permits were given in the region and that, in the view of the company, this amounts to «discrimination». But, he says, this is quite different from the general issue of government refusing permits with the idea of direct government exploitation of the product.

(A fuller version of his statement of the chairman Mr Takis Peleties is given on page 4).

### Peletico Group Chairman Analyzes Difficulties

Nicosia CYPRUS MAIL in English 4 Jul 82 p 4

[Interview with Group Chairman Takis Peleties]

[Text] The chairman of the PELETICO Group, Mr. Takis Peleties, at a press conference at the head offices of the Group, spoke about their pentonite venture, the exploration, progress, difficulties and prospects.

The conference was given on the occasion of the completion of the new industrial unit for the automated activation and processing of pentonite at Pen takomo.

Mr. Peleties underlined the significance he attaches to communication with the press and referred to the evolution of the Peletico Group in these terms.

"We commenced 27 years ago under conditions anything but favourable, equipped with our will and boundless determination as our only weapons. Zeal and faith in the business helped us overcome even the utmost difficulties. We gave the battle and we won because we won the confidence of the multitude of our clientele, both in Cyprus and abroad and for us this is what counts".

"But", he said, "we did not stop at that. Day after day creative work continues and grows and so does our offer".

Mr. Peleties noted that an endless number of PELETICO products, some of them in their field, are used every day, filling fundamental requirements in the building industry, in Cyprus as well as overseas.

He explained that the PELETICO Group which started seven years ago, followed a programmed policy with five year plans. By the end of 1980 it had covered 20 years of industrial life. "We started together with the establishment of the Cyprus Republic in 1960, embarking on an industrial career of hope for a better future for this country. Our commercial career, the five year period of 1955/1960 was a period of life under the British colonial administration, at the time of the eruption of the liberation struggle" Mr. Peleties said, so, five dates stand out, five milestones, in the Group's history:

1955--the period of a commercial and commission agency business.

1960--the establishment of the first small industrial unit for bonding agents and putty.

1965--the establishment of a paints factory with the technical cooperation of SISSONS and DONALD MACPHERSON of the United Kingdom.

1970--The establishment of an industrial unit at Larnaca for building materials like insulating plaster and perlite and the extension of the paints factory in Nicosia under contract with the I.C.I.

The Group's destinies could not but be affected by the events of the turbulent period of 1974/75, Mr. Peleties said.

"The years 1974/75 constituted one of the most critical periods of the recent history of the Cyprus Republic. What the Cypriot people managed to build with hard labour over the years was shattered by the Turkish invasion. Everything came to a halt. Entrepreneurial activity came to a standstill", he remarked.

"Much courage was needed, I think, for any businessman to go into a new venture under those very uncertain conditions. Yet PELETICO ventured, investing in a completely new sector, the bentonite processing", Mr. Peleties remembers.

So, he said, a new industrial unit was formed--and we are proud for that, he adds noting that PELETICO went it alone, with whatever own means they had without any government assistance. "Of course we did not expect, nor did we demand government assistance because the Government had at the time to face most serious problems about the survival of the people", he said.

Mr. Peleties continued:

"Since then we passed through various stages with numerous difficulties and hardships in the technical and the economic fields. First with the laboratory tests when we had to apply to State or private laboratories in Greece since the Cyprus Geological Department did not have the necessary laboratory equipment. And everybody knows how difficult was overseas communication at the time. There was no air link and despatch of bentonite samples for test had to be made with special errands using the sea route".

The new industrial unit for automated activation of bentonite was the outcome of sheer private initiative. It is the product of a long and fruitful experience with the technical cooperation of two large foreign firms, Baroid of USA and Erbstoeh of W. Germany. The Pentakomo industrial unit is the crowning of the whole spectrum of processing of bentonite with most up to date techniques of extrusion, Mr. Peleties said.

Here Mr. Takis Peleties expressed deep regret for the government's attitude and made a strong plea for the understanding and support of the press stressing however that the problem must be seen for what it is away from any political angle.

"We are deeply disappointed for the policy adopted by the Cyprus government to our company regarding the pentonite exploitation. Every move of ours met with obstacles of one sort or another occasioned as a result of government policy or non-policy" Mr. Peleties explains.

He mentioned that whereas quarrying permits were applied for since 1975/76 these were issued only in 1980 after an intensive campaign in the press and by knocking the doors of every Ministry concerned.

The difficulties were such that, had it not been for the company's determination and resolution, it would not have made the investment. "Yet we went along guided always by the well-meant interests of the country", he said.

Mr. Peleties underlined the supreme effort of private initiative for the reactivation of the country. "The entrepreneurial class stepped out from the ruins, even before the war flames died out, to rehabilitate the disrupted economy. In almost no time one could see an economic miracle in which the Peletico Group played its part", he said.

"Indeed, it will be a bad day when the entrepreneurial acumen, zeal and the sense of creation ceases to exist. Because then it would not be possible to speak about any new economic miracle: Mr. Peleties said and stressed the significance of free economy.

"To be frank", Mr. Peleties said, "the pentonite question did not start from any prescribed government policy, but rather started from down up, from State officers in the various Ministries".

When in 1976/77 government decided to help the country with State investment where private initiative was unable or unwilling to invest, the Ministry of Commerce and Industry was given the task to prepare a study for the establishment of such industries.

The study was made and it suggested the establishment of industrial units for: glass, salt processing, ceramics and pentonite. But none of these industries ever came to materialise and the government interest was restricted to the pentonite, Mr. Peleties says.

Trying to find an answer to the question of "Why?", Mr. Peleties believes that the reason could only be the success of the private sector in this field.

"Government officials thought they were stepping on firm ground. They seized this success of private industry or "food in the dish" and garnishing it they served it to the Government. Thus the so-called pentonite "file" was started at the Ministry of Commerce and Industry archives and now its contents inspire the government which finds various excuses or pretexts and obstructs private initiative as it develops in this field", Mr. Peleties said.

Yet, the Chairman explains, Government has no valid grounds to insist on the recommendations of that file.

Because:

A) The view expressed by government technicians that PELETICO lacked adequate machinery and technical expertise in the processing of the material can have no leg to stand since with the company's investment of some £500,000 over the last three years and the securing of technical co-operation of two foreign firms, there is no lack of either machinery or expertise.

B) The argument that minerals as a national wealth must be exploited by the people through the creation of public companies cannot stand either because the Peletico has already formally proposed to the Cyprus Development Bank the conversion into a public company with the participation of the Cyprus Development Bank.

C) The argument that the exploration of bentonite will replace foreign exchange loss on account of the loss of markets for other minerals, is similarly superseded because demand for bentonite overseas has sharply fallen and now there is a keen competition among the existing factories for the markets of the various countries, particularly countries near Cyprus.

It is not disappointing that officials of the Ministry of Commerce and Industry are critical for our investing in the bentonite sector knowingly, as they say, that Government would undertake the exploitation itself of bentonite, Mr Peleties said.

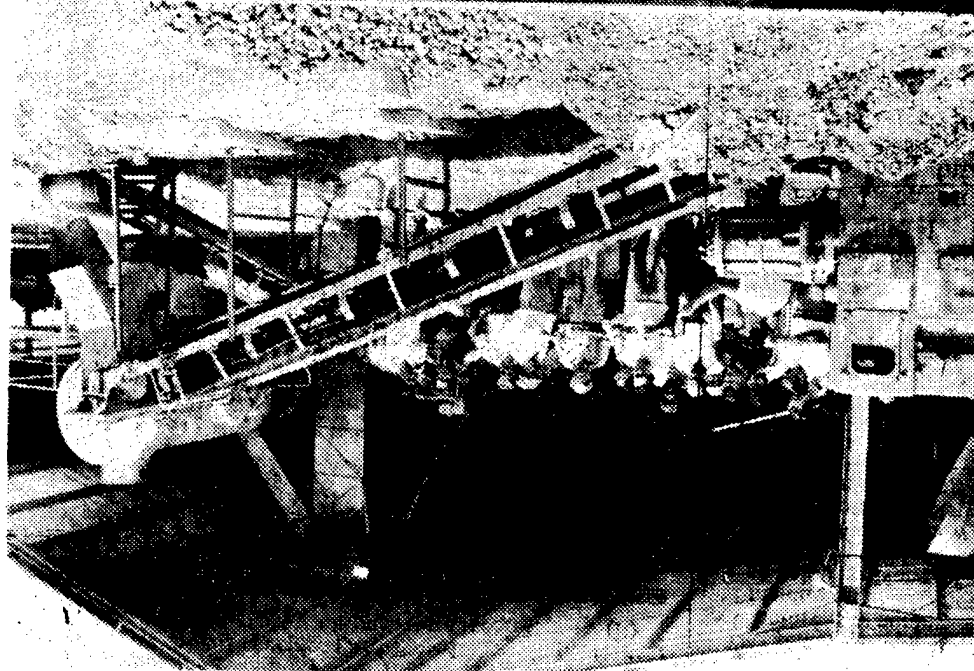
When we retorted that we do not object to the Government setting up its own company, they told us that as the clients for bentonite are few and the volume of sales small, the government would wish to establish only one company, that is the government wants us to close our factory so that it could create another one which would constitute a monopoly, Mr. Peleties said and described this as inexplicable at a time when government is forwarding to the House of Representatives anti-monopolistic legislation.

Again, the argument that the market is small and does not warrant the existence of two factories, this can only be strengthening our own position that the investment in the bentonite by the private sector is enough and the market is fully covered, he said.

On the other hand, if the government wishes the nationalisation of this sector, then the government would be contradicting its own declarations that it is going to continue encouraging private initiative and would intervene only where the private sector is unable or unwilling to undertake initiatives, Mr Peleties said and concluded:

"We do not wish to monopolise the bentonite industry. If the government is satisfied that the size of the market is such as to justify another investment for a new bentonite factory, let it go ahead and establish such a factory parallel to the private sector. But let it think twice before acting.

"The government surely has the ability to establish a new bentonite factory. But this is not what matters. What matters is what shall be done when



Top: Mr. Takis Peleties explains to visiting journalists the functioning on the modern bentonite processing factory.

Lower: A heap of bentonite after drying at automatic drying units.

production starts. Where it will be sold. Or its only ambition is to create a new factory which will not have customers to absorb the product? It is, we think in the general interest to avoid bitter experience such as that of the Paphos co-operative industries, where, after the establishment of the factories, it was found that there was no market and the result has been loss of a great investment".

"PELETICO", Mr. Peleties said, "after lost of effort and sacrifice managed a maximum of £700,000 sales of bentonite in 1981. But on account of the crisis in the iron industries and the fall in the petrol demand, there is sharp fall in bentonite demand to the point that the company is finding itself exposed on account of the low demand of the product".

CSO: 4600/658

## ARTICLE REFUTES GOVERNMENT STATEMENT ON COCOM

Bonn DIE WELT in German 25 Jun 82 p 7

[Text] Federal Chancellor Schmidt reiterated the readiness of the Federal Government to cooperate in monitoring more consistently the transfer of strategic technology to the East bloc and controlling exports more effectively than before. He did so again even yesterday in the Federal Parliament.

In charge of multilateral coordination and control of the sensitive technology transfers to the communist states is the COCOM Committee (Coordinating Committee for East-West Trade) founded 32 years ago. All the NATO countries (except Iceland) and Japan cooperate in it.

The main task of this organization is to keep track of the armament of the Warsaw Pact and to channel it in a technical sense. The COCOM Committee is not an embargo committee, but the export of strategic materials is subject to multilateral prior approval according to precisely determined criteria. In short, a system of practical arms control.

Since in this committee the member states must decide unanimously, not only is the process of formulating opinions often slow, but there are also technical difficulties and political constraints normal among sovereign allies. The practical execution of the joint COCOM decisions and export controls are left to the individual national authorities according to the international principle of good faith.

As a result of the over-arming and expansionist behavior of the Soviet Union and the general economic decline and excessive indebtedness of the East bloc, not only the general East-West relationship, but also East-West trade and the Western transfer of strategic materials have become a subject of discussion. In April this was the occasion for a series of articles in DIE WELT on trade with the East, technology transfer, and Western security policy.

The series and the problems treated in it were again the occasion of various interpellations by deputies of the Federal Parliament to the Federal ministries concerned.

The replies of the ministries confirmed many fears. The control over transfers of strategic technology practiced for years by the Federal Government

is conceptually and administratively a basket case and therefore also involves risks to security. Well-meaning pronouncements by the Federal chancellor and explanations by the government provided no relief. In the interest of the solidarity of the COCOM members and above all of industry, a detailed and public discussion of the export control system and practice of the Federal Republic is desirable, if not overdue. Some examples of the replies of the Federal Government follow:

--In DIE WELT of 30 April it was reported that the Federal Republic was the only COCOM member to be delivering strategic materials to North Korea and Vietnam in the late 1970's. Deputy Dr Czaja made these exports the basis for an interpellation of the Foreign Ministry.

--On 13 May State Minister Hamm-Bruecher replied, stating: "It is not true that the export of materials relevant to security policy to North Korea and Vietnam was approved." This statement of the Foreign Ministry does not correspond to the truth.

Because: In 1978 the Federal Republic delivered strategic technology worth 10,100 dollars to North Korea. The problem of the technology transfer to Vietnam also shows the obvious deficiencies in the organization, coordination, and execution of decisions in the field of foreign economic policy. According to official data, the relationship of the Federal Republic with Vietnam since the invasion of Cambodia by the Vietnamese in early 1979 is "no relations." Since that time a cabinet decision has been in effect, according to which all economic cooperation will be refused for as long as Hanoi is occupying its neighboring country.

--In 1979 the Federal Republic, as the sole COCOM members, exported strategic technology worth 300,000 dollars to Vietnam. In 1980 the Federal Republic exported highly developed technology worth DM 3.149 million to Vietnam. (On the determination and strategic significance of highly developed technology, see DIE WELT of 24 April).

These assertions do not square with the statements of Parliamentary State Secretary Gruener of the Federal Economics Ministry which he made last week in response to interpellations regarding the COCOM procedures of the Federal Republic. In them he repeatedly said that the Foreign Ministry, and in the case of strategic materials the Federal Defense Ministry are in charge of or participate in all COCOM procedures.

Gruener went on to say that the Federal Republic had always observed COCOM regulations and had actively participated in their execution. This also does not always reflect the complete truth. One therefore has reason to be eager for the data which the parliamentary state secretary has promised to send to individual deputies.

6108

CSO: 3103/565



## OWNERSHIP OF FRG INDUSTRY BY OPEC COUNTRIES

Hamburg DIE ZEIT in German 4 Jun 82 pp 17-18

[Article by Wolfgang Gehrman: "No Sellout in Germany--Oil States Do Not Figure as Stockholders in German Industry"]

[Text] The Frankfurt Stock Market Letters already know the figure behind the period. "Kuwait," the information service revealed to its readers in the middle of May, "has bought 25.1 percent of the shares at Hoechst."

The company itself is less certain whether the oil sheikdom has acquired a quarter of the largest German chemical concern. "We can neither confirm nor deny this rumor about the stock market," Hoechst spokesman Hans-Bernd Heier has said oracularly day after day in response to curious questions.

The vague statement is not a delaying tactic. Hoechst managers just do not know whether an emir is their new owner. They and the Antitrust Office in Berlin have as yet received no news about a major new stockholder at Hoechst.

Little clarification is to be expected from the company's general meeting on 8 June. Board president Rolf Sammet is to explain to the stockholders a new survey about the distribution of the ownership of Hoechst shares. But this spring's report shows that a total of only 30 percent of company shares are owned by foreigners. Even though that figure is 11 percent higher than 4 years ago--when the last analysis was carried out--it is "very unlikely" according to spokesman Heier that the oil state of Kuwait has secretly had banks buy a quarter of Hoechst's shares. If the sheiks have gained a foothold on the Main River, their shoe size is smaller.

## Sense for Quality

Of course, it would not be the first sudden move that the Kuwaitis have made in the area of German industry. Three times they have seized opportunities, and it was always the best on which they spent their superabundance of petrodollars:

Last year and the year before that, the government of Kuwait and the Kuwait Petroleum Company together bought 20 percent of the Frankfurt Metal Company

for presumably about 300 million marks. The gem of the subsidiaries of the raw material concern is Lurgi Plant Construction Company, which has a wealth of German expertise in engineering.

Four years ago steel manufacturer Willy Korf made the surprise announcement that as far back as 1975 Kuwait owned 30 percent of the companies belonging to his group. No one knows how much the oil bosses paid. It is, however, certain that they made an excellent choice: Willy Korf's Baden Steel Mills were the only metallurgical company in the whole country to make a profit last year.

The oil emirate caused quite a furor back in 1974. While the entire world cursed the sheiks for their brutal imposition of their crude oil prices, the Kuwaitis, who had just become really rich, reached out for /the/ [printed in Italics] symbol of the German economic miracle. They probably paid the Quandt family a billion marks for 14 percent of the shares of Daimler-Benz.

The Dresden Bank, which had secretly arranged the deal, had to endure the stigma of treason for months. Amid great Teutonic concern about the imminent sellout of domestic companies to the new oil parvenus, it was calculated that the 484 German stock companies whose shares were traded on the stock market were valued at 120 billion marks. One annual surplus was that the OPEC sheiks would need to buy up all German stock companies.

The German Bank (Deutsche Bank) became especially active against the Orient. On the supervisory boards of renowned enterprises such as Mannesmann, Bayer and BASF, the bankers recommended limiting the right to vote in order to restrict the imminent threat of foreign control.

Matthias Seefelder, the boss of BASF, squirmed considerably when, at the beginning of 1975, he explained why the right to vote at the Ludwigshafen chemical multinational was to be limited to a face value of 50 million marks, i.e., about 30 percent of the capital stock. He said, "The fact that this measure coincides with the accumulation of large amounts of capital in single hands has given rise to continuous speculation that our recommendation is a kind of defense against certain countries. This conception of the state of affairs is true only to a very small degree. What we are interested in doing is reducing outside influence, plans that do not serve the long-term interests of the company, but short-term political designs."

#### Quiet Shares

At the climax of the Moslem hysteria at the end of 1974, the Deutsche Bank was so carried away that it snatched another packet of 29 percent of Daimler shares out from under the Shah of Iran. For 2 billion it bought the shares of Friedrich Flick, Inc, to scatter them in Germany itself through Mercedes Automobile Holding Company--all that just to supplant the Shah.

Iran, however, was not excluded from gaining ownership of some of German industry. After Tehran had acquired 25.04 percent of Friedrich Krupp

Steelworks, Inc, in Bochum in 1974 for 270 million marks, 2 years later it also moved into the top Krupp company. The Persian monarch paid 875 million marks for 25.01 percent of Friedrich Krupp, Ltd.

In between times, Iran gained over 25 percent of German Babcock and Wilson, Inc, in Oberhausen for 178.3 million marks. Thus the Shah controlled a third of the votes of the boiler-and machine-building firm, since part of the capital stock consisted of preferred stock with no vote.

In this manner the shopping spree of the oil barons came to an end. Even now we do not know whether they gained any more shares in German industry worth mentioning.

It is possible to deny by the beard of the prophet that the major stockholders from the Orient not only acquired the shares but also the scepters in the supervisory boards of German firms. No Kuwaiti has yet been seen in the control body of Daimler Benz. And as far as the supervisory board of the metallurgical company is concerned, Abdulmalic N. Al Gharabally of the Kuwait Ministry of finance is a regular and attentive, but on the whole a rather quiet guest.

Not even at Krupp do things happen the Oriental way, although there it is no longer the distinguished representatives of the Shah, but the envoys of the mad ayatollah who defend the interests of Iran "punctually and very earnestly," as Krupp spokesman Rainer Lommatzsch puts it. The actions of Mohsen Nourbakhsh, the president of the Bank of Iran, and Mehdi Navab, the ambassador of the Islamic Republic of Iran in the Federal Republic, have not yet opened up "exotic views."

But what else has not really opened up either is the chance of extremely good deals for the companies with the countries that own them. It is true that Krupp has orders from Iran in the amount of 220 million marks which are being handled properly despite the turmoil of the revolution. But today that hardly distinguishes the Ruhr concern from other comparable enterprises. Despite its special relationship with Kuwait, Daimler is not exporting one single extra Mercedes to that country. The Oriental business of German Babcock, says company representative Werner G. Stork, has "changed neither positively nor negatively" since bank boss Nourbakhsh and his predecessors began to sit in on supervisory board meetings for Iran. Metal company spokesman Hans Schreiber states that the Kuwaiti involvement has provided "interesting access to the Arab market." But neither can he mention any concrete agreements.

To what extent the battle of German bankers against threatening foreign control by the Orient resembled the fight of the hapless Don Quixote against the windmills is revealed not only by the fact that in the 8 years of their ascendancy, the oil bosses bought controlling shares at exactly six German firms. Although it is especially the sparsely populated countries that have been raking in immense profits from their oil exports--in 1981 the 13 OPEC countries earned almost 500 million marks--they are found way down on the list of foreign investors in the Federal Republic.

Kuwait's accumulation of direct investments in German industry just amounted to 208 million marks last year; the country was 15th on the list of investors. Iran's 1.4 billion marks made it the eighth largest foreign investor in our country. But compared with the 70 billion marks that is the value of all foreign investments in the Federal Republic, the above-mentioned amounts are infinitesimal.

Present events do not permit the conclusion that the sheiks or any other foreign investors have been attempting to seize control of German industry. Last year net foreign investment in the Federal Republic amounted to 4 billion marks. At the same time Germans invested more than twice that figure in foreign economies.

9873

CSO: 3103/512

## SMUGGLING, SECURITY CONCERNS IN INNER-GERMAN TRADE

Bonn DIE WELT in German 22 Apr 82 p 10

[Article by W. Grosse: "Calls for Control of Inner-German Trade by EEC Members"]

[Text] Inner-German trade includes the exchange of goods and services between the GDR, including East Berlin, and the FRG with West Berlin. Contrary to the FRG, the GDR considers this trade--statistically as well--as foreign trade.

In the framework of the entire GDR Western trade the portion of trade with the FRG is between 52 and 55 percent. That amounts to about 15 percent of all GDR exports, a fact that is hidden in GDR statistics, obviously out of consideration for CEMA partners. This high proportion of GDR Western trade and the special status of the trade--the GDR is practically the 11th EEC member--is also causing the FRG increasing trouble in the EEC and is seen with suspicion. More and more voices are calling for control of inner-German trade by the EEC.

Viewed economically, the proportion of inner-German trade in FRG foreign trade is of secondary importance. For despite various forms of support and special treatment, this portion of FRG foreign trade has declined steadily. It was only 1.6 percent in 1980. And in the record year 1981 (volume DM 12.5 billion), price increases masked a further decline in its proportion of the FRG foreign trade volume. Because of a deficient supply capability, GDR obligations from inner-German trade (the cumulative GDR debit balance from the exchange of goods, services and cash payments) amounted to barely DM 3.7 billion at the end of 1981.

If one views the structure of goods it can be seen that the GDR has not used the opportunities resulting from the increased trade volume for structural improvements. Since the mid-1950's orders of raw materials and producer goods dominate, amounting to 50 percent in 1980. The proportion of industrial consumer goods among FRG shipments was always under 10 percent. Meanwhile, capital goods account for about one-fourth of shipments to the GDR. Thus, the importance of inner-German trade as a source for growth-producing technology and consumer goods to improve the standard of living is generally exaggerated. It therefore also follows that simply on the basis of its goods

structure inner-German trade can hardly generate growth effects for the GDR economy or prosperity effects for the population.

Seen in the perspective of the entire economy, inner-German trade is neutral for FRG employment. That can be explained by the structure of the respective flows of goods: Goods shipped to the GDR are less labor-intensive in their production than those received from there. Employment effects vary in the individual branches. There are gains in jobs mainly in machine building and in the chemical industry. Job losses occur primarily in the chemical, textile and clothing industries, as well as in agriculture and forestry. Thus, inner-German trade is not a suitable instrument or argument in employment policy.

Contractually the exchange of goods between the FRG and the GDR is based on the 1951 Inner-Zone Trade Agreement (Berlin Agreement). In order not to endanger the FRG claim to sole representation of all Germany, at the time the EEC was established the Federal Government put through a special status for German-German exchange of goods.

The result of the open border in trade: The GDR, although firmly anchored in the Eastern economic community CEMA, can introduce not only commercial goods such as shirts, chairs, shaving brushes, inexpensive watches or typewriters duty-free into the FRG and thus into EEC territory. It can also sell the FRG agricultural goods regulated by the market, free from the special border taxes (skimming off) which normally apply for imports into the EEC area from third countries. All community partners must share in the costs for this hole in the EEC.

In 1979, because of the annoyance of EEC partner countries, the European Court verified that inner-German trade can still not be considered equivalent to trade by an EEC member country with a third country. Last year European delegates used the special status of the GDR relative to the EEC as a reason to criticize the constant human rights violations and the practice of buying the freedom of political prisoners held in GDR penitentiaries. The criticism by EEC partners puts into doubt whether special status, perhaps in accordance with a long-term cooperative agreement desired by the GDR, can still be supported.

The material advantages directly or indirectly accruing to the GDR year after year from FRG tolerance are considerable. The effective and hypothetical advantages amounted to about DM 1.5 billion in 1980.

Customs (DM 1 billion): The GDR advantage from the exemption of GDR shipments into the FRG from EEC customs duties.

Skimming off (100 million): A GDR advantage, because shipments of agricultural products into the FRG are not subject to this practice.

Indirect taxes (300 million): Lost receipts for the FRG because of the lower added value tax rate granted for GDR shipments.

"Swing" (80-100 million): Saved interest by the GDR by taking advantage of the interest-free credit (swing) with the Federal Bank.

Other important forms of preferential treatment for the GDR and FRG support measures for inner-German trade are:

Price basis and payment system: West German market prices were agreed on as the price basis, and the clearing relationship was fixed at DM 1 = 1 GDR mark.

"Swing": From the beginning in the framework of the clearing system an interest-free overdraft credit (swing) was foreseen that could be used by either side, depending on the payments situation. It was continually increased through resolutions by the Federal Government and is currently limited to 850 million clearing units (DM). Although in principle the "swing" opportunities can be used by either side, as a result of the predominance of West German shipments it in fact represents an interest-free credit for the GDR.

Special provision for the added value tax: Normally, for foreign purchases every importer must pay a 6.5 percent or 13 percent import volume tax on the goods to be imported. If, however, purchases are made in the GDR, then not only does this tax not apply, but German lawmakers construct a special "set of circumstances." Specifically, that means: For each purchase in the GDR an FRG enterprise can reduce its tax liability at the revenue office by 11 percent or 5.5 percent of the value of the respective goods. The Federal Government thus indirectly subsidizes GDR shipments, whereby DM 500 million went for this purpose in 1980. In contrast, shipments to the GDR--unlike the tax-exempt exports--are burdened with a reduced tax rate.

Export guarantees and credits: Since 1967, through the "Treuarbeit AG," the Federal Government has been providing Federal guarantees for business deals when they involve the shipment of investment goods or materials that are suitable for investments. Long-term credits for the sale of capital goods to the GDR are granted through the "Society of Financing Industrial Installations, GmbH" in Frankfurt.

The special status of inner-German trade and the commitment of all Federal Governments to it continuance, as well as the multiple contributions in support of the exchange of goods, were not honored by the GDR leadership, not to mention answered by easing human conditions or freedom of movement.

Nonetheless, this should not prevent--in the interest of the GDR and its citizens as well--the holding of a differentiated public debate on this atavistic relic from an earlier phase of inner-German policy. There are hardly any economic arguments in favor of special status. But if the FRG and its government feel obliged to provide indirect aid to persons in the GDR, then for reasons of transparency open transfers are preferable to hidden transfers.

The growing shortage of foreign exchange in the GDR, the special status and the hidden character of inner-German trade have a growing tendency to encourage illegal transactions and other practices. As recently the case in Bremen, Duesseldorf, Frankfurt, Hamburg, Hof and Stuttgart, this extraordinary trade is increasingly involving FRG courts.

Because of the special status of the GDR, the FRG market has become an "open" border and a dubious "connecting link" between the economic blocs in Western and Eastern Europe. Not admissible and forbidden by the Rome Agreements are the so-called by-pass transactions of the GDR. In these transactions goods from third and cheap countries are introduced into the FRG through and with the help of the GDR without paying duties and with no skimming off. From here the cheap imports introduced through the GDR then find their way into other EEC countries as well.

Not only the special status, but also the extraordinary payments system is an invitation for illegal business dealings. Accordingly, imports from the GDR, as well as exports to the GDR, are equivalent to barter trade. The value of the mutual shipments is calculated in clearing units and settled over both central banks. Yet, in order to obtain freely usable foreign exchange, GDR foreign trade organizations and complexes seek to get their products past the central clearinghouse into the FRG in order to obtain Western currencies directly. The illegal transactions are then completed by means of mailbox and spurious companies in Great Britain, Liechtenstein, the Netherlands, Austria and Switzerland.

The GDR had begun to tap a source of foreign exchange by smuggling schnaps. The Federal Finance Ministry estimates that in the past 17 years more than 1 million liters of crude alcohol have flowed illegally from the GDR into EEC territory. The importance of cigarette smuggling was made clear in a case before the Land Court in Darmstadt. The GDR had illegally introduced 105 million cigarettes into the FRG. Following the 1974 World Textile Agreement, the GDR increasingly became an international revolving door for textiles from low-wage countries. A case before the Land Court in Hof involved men's shirts from Korea and underwear, as well as work clothes from Bucharest, Sofia and Prague. In 1981, a German-Swiss trade society had to answer to the Land Court in Duesseldorf. The company is said to have channeled textiles valued at DM 29 million from the Eastern bloc into the FRG since 1973. The products were declared as GDR goods and according to the special status were therefore duty-free. The loss for the German Treasury, according to a calculation by the investigative agencies, amounts to about DM 12 million. As a result of the increasing illegal operations in the framework of inner-German trade, the GDR itself is assuring that its special status with the EEC is more and more the subject of strong criticism and thus put into question.

De facto this special status makes the GDR the 11th EEC country. And in the framework of the inner-German transfer of highly developed and strategic technology the FRG treats the GDR almost as a 16th NATO member. Here the Federal Government is clearly violating the provisions of the Coordinating Committee (COCOM) in Paris. The provisions on the transfer of sensitive



technology are just as valid for the GDR as for the other members of the Warsaw Pact. All other COCOM members (NATO countries except for Iceland but including Japan) adhere to this mutually agreed upon practice of export control. However, the conduct of the Federal Government makes inner-German trade a security risk in these areas.

Not only is the GDR missing in the German country list, but the transfer practice is analogous. The GDR is second only to the USSR in importing sophisticated technology from the FRG. As a rule, applications and approval through COCOM in Paris are lacking. When it cannot be avoided, at best an American reexport license is submitted, as in 1978. There is practically no control of technology transfer into the GDR.

Because of the coarse screen of the special statistics (6 places) on trade with the GDR, neither the controlling customs offices nor the responsible Federal Commerce Office in Eschborn can determine whether an article being exported requires COCOM approval. Precise specifications for goods are not required in inner-German trade. For example, there is not place on the forms for recording technical data, the intended purpose or the final destination.

This long-term practice by the Federal Government in inner-German trade cannot be explained in terms of Germany policy in the sense of an easing of human conditions. It represents a defense and arms control policy risk, and beyond that is a violation of mutual resolutions on export control for sophisticated technology into Warsaw Pact states.

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CSO: 3103/522

## IMPLICATIONS OF DRETTAKIS CASE STUDIED

Athens BUSINESS & FINANCE in English No 201, 3 Jul 82 pp 4-5

[Article by Anthony Kefalas]

[Text]

**T**he journalist's call at four in the afternoon elicited the response that "the Minister was having his afternoon siesta." Just an hour prior, the radio news service had carried a dramatic announcement issued by the Prime Minister that the tax on private real property was in effect abolished. Though the tax would be imposed on those with real property in excess of 25 million drs., all returns below 20 million drs. would be filed away, and all those who had not filed as yet and who had personally estimated that the value of their property did not exceed 20 million drs. were no longer under obligation to file with the tax authorities. Ninety minutes before this announcement, during his regular meeting with the economic press, then-Minister of Finance Emmanuel Drettakis had given absolutely no intimation that such a radical change was about to be implemented. By five in the afternoon, awakened by personal friends, the minister was hurrying to Kastri — and to his doom.

The exact sequence of events, as well as all of the reasons for this abrupt dismissal, are hard to piece together, even in this city which leaks like a sieve and where gossip is the stuff of which everyday life is made. A sketchy picture may be drawn up, however, and in it the short-term implications of the Drettakis affair have to be separated from the long-term ones.

There are some basic characteristics that President Constantine Karamanlis and Prime Minister Andreas Papandreou share in common. They both dominate their surroundings, they are rather imperious in nature and in behavior, and they show an occasional tendency for the "quick kill," especially when angry or pressed. The President's outbursts and the colorful language that he used when angry or when he felt that he was let down are quite well known in Athens and the subject of some good natured jokes at that.

The Prime Minister is also known to believe that several of his colleagues have let him down — though one may not be responsible for one's own incompetence. In this the Prime Minister is said to feel that it is not he himself who has been "betrayed," but rather the party as a political movement and the populace at large which voted for change, not for upheaval.

and inefficiency. It is within this context that one should place the dismissals of both ex-vice Foreign Minister Assimakis Fotilas (though there are cynics who claim that he lost his job in exchange for 120,000 tons of oranges to be exported to the U.S.S.R.) and Drettakis.

There is no doubt that the imposition of the tax on real property was exhaustively discussed in the Cabinet, as well as in the government economic committee. The protests of New Democracy in Parliament were basically dismissed as an extreme example of party politics. After all, had not that same New Democracy been the first one to introduce this exact type of tax back in 1976 when it was strapped for money too? Reliable sources, however, are now claiming that the Prime Minister was misinformed both about the political effects of the measure and the negative economic impact that it was expected to have. The same sources are saying that Minister of Coordination Apostolos Lazaris had been against the tax and had even forewarned Drettakis against it.

When the government belatedly realized the political damage that it had suffered and the economic one that it had created, there was no option left but for the Prime Minister himself to jump into the fray. From that point onward, the departure of Drettakis was a certainty. It is for these reasons that all claims about the minister having submitted his resignation prior to the Prime Minister's departure for Sofia are nothing more than a half-hearted and vague attempt to provide some minimum decorum for the exit of the minister.

That the Prime Minister should have chosen this method of forcing Drettakis' resignation is not all that surprising. Apparently he was going to go in any case, after the government reshuffle. His hastened departure was the result of the Prime Minister's anger, as well as of the desire to minimize the political cost involved. Drettakis' tenure at the Ministry of Finance was not considered a successful one. A "difficult" ministry to handle at that, Drettakis' relations with his fellow ministers were known to have been rather strained. Though identified with the left wing of the party, he had isolated himself in an attempt to resist some of the pressures with which a minister of finance is inevitably faced from his own colleagues. To this, one should add the view expressed by circles close to the Prime Minister's office that Drettakis, though a good econometrician, was unable to grasp the overall effects of his actions on the political life of the country and had shown no tendency to help formulate the economic policies that the government needed.

The longer term implications of the Drettakis affair are more difficult to gauge. There are those who claim that it signifies the beginning of the movement away from the left wing of the party. Yet, the more radical of Drettakis' tax measures — i.e. the tax on real property and the one on the non realized capital gains of enterprises — had both been introduced by the New Democracy government. An alternative view, which is a variant of the first and which may be closer to the truth, is that Drettakis had created an atmosphere of "terror" with his announcements about tax evasion, and that he had seriously underestimated expenditures and overestimated receipts. As far as the atmosphere of terror is concerned, again the New Democracy party could have provided

the experience that PASOK is lacking. When a minister of the previous government used pretty much the same policy of announcing to the press the names of those suspected of tax evasion, he drew a rebuke from the then-Prime Minister, and the method was quietly dropped — with some impressive improvements in the general economic climate. Mr. Papandreou is said to be very worried about the psychological climate that has been created now, and is anxious to mend it as quickly as possible.

More generally, however, it may be argued that we are now witnessing the drawing to a close of the first period of PASOK's rule. This period has been characterized by the willingness to try the ideologically "correct" remedy of curing the ills of the economy through an infusion of cash, a redistribution of income in favor of the lower income groups and a relative increase in government spending. Bashing the capitalists, within this context, was just another inevitable part of the game. Now, though, the hard facts of economic developments as well as the problems created by the downright inefficiency of several ministers and functionaries are forcibly drawing the government in another direction.

According to this scenario, the Prime Minister is banking on the incontrovertible fact that there exists right now no other personality of his stature and influence to succeed him either as leader of the party or as Prime Minister. Further, with the New Democracy in disarray, there exists no other solution to a government led by Mr. Papandreou. To this one may add claims that U.S. and West German foreign policies have reportedly been reoriented, with a five-year tenure by Mr. Papandreou in mind. Thus, the Prime Minister will use this first reshuffle of the government to get competent personalities in the right posts (hence the apparently valid rumors that Akis Tzohatzopoulos will take over as Minister without Portfolio to the Prime Minister), strengthen his team of advisers — which apparently has been found lacking in some respects, if one is to believe some of the latest political gossip that is circulating — and imperceptibly move the government to the right. Whether this will also involve a corresponding movement of the party as well is another question which for the moment at least will have to remain open. That the majority of the government's supporters will follow the lead of the Prime Minister, however, can be argued for without doubt. Because, apparently the Prime Minister controls the majority of the base of the party much more than the party itself, though if this latter issue comes to a showdown, most bets would go with Mr. Papandreou.

The Prime Minister is said to realize that present economic policies provide no answer to the country's problems. Hence, his decisive and timely intervention in the legislation for investment incentives and labor relations. From now on, apparently, economic ministers should expect to feel the Prime Minister's breath more often and closer than before. The reorganization of the structure and responsibilities of the ministries will probably make this easier, though the colonels who last tried this format found out they had created a monster of a bureaucracy that was unyielding and difficult to handle. Luck may be on the government's side this time, however.

This reorganization, according to reliable sources, will also serve as the spearhead of a change in economic policy, which should be expected to move away from the lines of state expansion and public sector-led growth and to follow more closely the direction of controlling public expenditure, giving a free hand to private enterprises within the more general and more vague framework of the five-year development plan. In this respect, the resignation of Drettakis from the government makes more than sense.

There are not a few observers who believe that both PASOK and New Democracy will inevitably split up. Their present structure reflects neither ideological consistency nor the needs of a modern state faced with the problems of stagflation, the misuse of scarce resources and the necessity to modernize its apparatus and methods of operation. Further, at this very moment — and for some time in the future, as far as one can foresee — the center of Greek politics is an empty stage. There will be quite a few surprised and knowledgeable eyebrows raised if Mr. Papandreou, who has proved himself a consummate politician and who possesses Mr. Karamanlis' ability to survive, does not avail for himself of the opportunity to move in this direction and, thus, to put a permanent seal on Greek politics for quite a few years to come.

CSO: 4600/665

## NEWS OF VARIOUS COMPANIES RELATED

Athens BUSINESS &amp; FINANCE in English No 201, 3 Jul 82 pp 27-30

[Text]

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**Executive Services**

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For the past ten years traveling executives have been able to open an office in Athens as easily as at home without encountering delays because of lost telephone messages, language barriers or the lack of adequate facilities. Impossible you say! Not at Executive Services, says Lorraine Butler, who has been providing corporate officers with private, air conditioned offices including top-notch multi-lingual secretaries, reception areas, the use of telex, Xerox and calculating machines and Word Processing — where “you pay only for what you actually use — and you have the option of expanding or contracting operations on short notice.”

In addition, because of Executive Services' long experience helping diverse companies solve their problems from almost every country of the world — “we can usually give instant relief to red-tape headaches, having found the answer to your problem from solving a similar problem,” says Ms. Butler.

“Tips that save time, reliable secretaries, correspondence in Arabic, Greek, French, Italian, Danish etc. are part of our daily experience — and for the past 5 years the Greek business community has discovered that we can do the same for them in reverse. Hospitals find us invaluable for typing abstracts or papers their doctors are presenting in the capitals of the world, or advertising agencies use us for translations; and everyone uses our Employment Bureau.

But the biggest boon to our clients is our New Word Processor, that electronically performs miracles for lawyers and construction companies,” says Ms. Butler, “without owning this very costly equipment and training a staff for six months, the business community of Athens can store and recall all frequently used reports, contracts or proposals, and make corrections without losing time.”

“Prior to our company, it would be an expensive proposition for a company to come to Athens, rent, furnish and staff — and chances are they would not have such prestige space as they do with us at the Athens Tower. In short we are just the place for a company starting up or exploring the market in Greece.”

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**Heracles growing**

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Heracles General Cement Co. SA has announced good results in all sectors of activity (production, exports, investments, technological development) for 1981.

The company exported 2.7 million tons of cement last year, valued at 6.4 billion drs. (\$114.8 million), or an increase of 35% over 1980 when it exported 2 million tons. Its cement deliveries reached 5.5 million tons, while in 1980 it delivered 4.8 million tons.

Exports of its sister companies were valued at 1.9 billion drs., as compared with 700 million drs., in 1980. Heracles' turnover reached 19.7 billion

drs., of which 14.3 billion drs. were cement and the remainder activities of the sister companies. Net profits increased from 566.5 million drs. in 1980 to 688 million drs. in 1981. Dividends per share were 150 drs., as compared with 120 drs. in 1980.

Of Heracles' new foreign markets, Egypt absorbed 1.1 million tons of cement and Saudi Arabia 1.2 million tons. Heracles also opened three new distribution centers abroad: Alexandria, Egypt; HAQL of Saudi Arabia and Port Said, Egypt. The three delivered approximately 1.5 million tons of cement in 1981.

Heracles also added the companies LATO SA, which produces concrete; ELBHM SA, which makes electromechanical equipment, and Port Said Investment Co. SA, a distribution center.

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### ISORA OU in Greece

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A recent agreement signed in Finland between the internationally known Finnish heat-insulation industry ISORA OU and Greek businessman Athanassios Hrisopoulos has resulted in establishment of ISORA Hellas SA. The company's capital is 20 million drs., and the entire investment is estimated at up to 300 million drs.

Capital and building equipment will be imported from Finland. Products produced by the Greek-Finnish firm probably will be exported mainly to Middle East countries (some 70%), bringing into Greece exchange revenues of about \$5 million annually. The enterprise will employ about 100 persons. Production organization is in Finnish hands, though participation between the Finnish company and Greek businessman is split in half.

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### ESHA improving

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ESHA, one of Greece's medium-sized enterprises begun by a Dutch company in 1962 in cooperation with A. Kallios and K. Mikas, is expanding its activities

abroad. ESHA Industry of Asphalt and Chemical Products Ltd. in Aspropyrgos is exporting significant quantities of products to Kuwait, Saudi Arabia, Cyprus, Jordan and Libya, greatly increasing its turnover and economic efficiency. In 1981, the firm had more than 20 million drs. profits, while the average return of assets in the last five years has fluctuated from 26% to 40%. The firm also participates with the Vapotherm Hellas SA company.

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### Ionian and Popular Bank's balance sheet looks good

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Directors of the Ionian and Popular Bank of Greece have announced impressive increases in the bank's balance sheet. Grants have increased by 21% in the last year, reaching 44.4 billion drs., deposits increased 33% to 80.4 billion drs. and net profits went up by 14%, reaching 745.7 million drs. Also between last year and this, the bank opened three new branches and eight booking offices.

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### Desmar is new firm

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Yet another advertising company, Desmar Hellas, has been established in Greece with plans to expand its activities in several sectors. They include public relations, publishing, advertising, conference and concert organization and promotion, the representation of foreign firms, photography, tourism and export-import.

Desmar's 5 million drs. capital is divided into 5,000 shares of 1,000 drs. each. Shareholders include D. Pantazopoulou (2.25 million), D. Perdakis (1.25 million), M. Perdakis (1 million) and N. Amanitis (500,000).

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### Computer voice conference

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Last year's inaugural conference on humans speaking to computers was so successful that this year's conference is expected to draw 150% more parti-

cipants. Last year 130 persons were turned away, but this year nearly 350 are expected to attend Voice Data Entry Systems Applications '82 in San Mateo, Calif., September 21-23.

Voice data entry systems allow humans to use voice, instead of a keyboard, to record information in a computer. Operators speak letters, numbers or brief phrases (called "utterances") up to 4.5 seconds long into computer-connected microphones. The computers recognize the speakers' voices and record the "utterances" precisely as letters, numerals or functions.

Co-sponsors of the conference are the San Francisco Peninsula chapter of the American Institute of Industrial Engineers (AIIE) and last year's sole sponsor, Lockheed Missiles & Space Co. of Sunnyvale, Calif.

The computer systems, pioneered at Lockheed, provide immediate playback or printout for data traceability or audit trail. They do away with laborious, error-prone hand-logging of more than 110,000 entries per week on paper forms. U.S. industry increasingly is looking at voice data systems to minimize mistakes and, using current employees, to make work easier while improving productivity.

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### **Elkepa in Textilia**

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Elkepa, the Greek Productivity Center, participated in Textilia, the Thessaloniki fair, with its own private pavilion this year. Purpose of its participation was to inform textile industries of the firm's services, to advise them on problem-solving and explain how businesses can achieve higher production and competitiveness. Specialized personnel assisted interested visitors.

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### **Antennas for Mundial**

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The West German firm Fernseh will supply the TV relay of Mundial football games. Fernseh, a branch of Bosch Studio Equipment (receivers, cameras, video etc.), supplied equipment for

three of the five private studios which are transmitting the games in color. It also supplies equipment for Greece's ERT and YENED.

The company already is known for its coverage of the Olympic Games in Munich, Montreal and Moscow and the World Rugby Cup in Munich and Argentina. Its camera receiving lenses cost more than 1 million drs. each. Teleflex AEBE is the Greek agent for Fernseh.

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### **Automechanika 1982**

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The number of companies participating in this year's Automechanika in Frankfurt September 14-16 is again expected to increase. An estimated 1,350 exhibitors are anticipated, displaying their wares over a 64,000-square-meter exhibition area. Economical tickets to the exhibit are available from the Greek-German Chamber of Commerce, 10-12 Dorileou St., Athens (tel. 644-4547) or its Thessaloniki branch at Karolou Dil 2 (tel. 225-341).

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### **Frama's new machine**

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Frama, a Swiss company, has introduced into the Greek market a new machine which automatically opens "all kinds of envelopes." The device is fed various-sized envelopes and a button is pushed. It is capable of automatically opening 300 envelopes without touching their contents. Also available is Frama's hand-operated envelope opener, which also can be turned into a pair of scissors.

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### **Prime Systems seminar**

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During a two-week seminar held at the Athens offices of the American company Prime (Syngrou Avenue and Skra 3-5), the company's specialists exhibited new applications and the latest developments of Prime's electronic systems. Executives from Greece, Italy, Spain, Saudi Arabia and Turkey participated in the seminar.



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### Graphis prospering

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The 1981 turnover of Graphis Advertising Co. amounted to 117.8 million drs., or a better-than-60% increase over 1980. The firm realized net profits of 2.5 million drs. Graphis' new customers include Longines watches, Lapin children's wear, Lotus toilet paper and Oscar Lights cigarettes.

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### Datamedia represents Tandon

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In addition to Xerox, Pertec (Peripherals) and Dysan, Datamedia SA is now representing Tandon Magnetics Corporation in Greece.

Tandon manufactures Diskette Drivers (8" and 5.25"), Winchester Disk Drives and magnetic heads. Among Tandon's customers are Landy, Wang, Perkin, Elmer, Lanier, Intertec, Cromenco, Commodore and Data General.

Datamedia will be promoting Tandon products at favorable prices and terms.

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### New companies open

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A number of British companies have combined to open two new companies in Piraeus. The British firms are Ocean Venture Ltd., Brown & Perring Instrumentation Ltd., Marine Maintenance Ltd. and B&P Instrumentation.

The new companies, located at 10 Akti Themistocleous, are BPI Marine (Hellas) Ltd., which offers electronic telecommunications equipment and navigation instruments to local and foreign manufacturers, and Greenham Marine (Hellas) Ltd., which deals in import, export and trade of electronic telecommunications equipment and navigation instruments, among others.

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### Meridien's exclusive

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Ms. V. Stockdale, public relations of-

ficer for the NJV Meridien Hotel in Athens, obtained an exclusive interview with tennis champion Bjorn Borg during his recent visit to the hotel with his wife. Borg told Stockdale he intends to abstain from his favorite sport for a year in order to travel and visit friends. The Borgs intended to take a short cruise to the Greek islands, then visit their private island near Stockholm before beginning their worldwide travels.

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### Alitalia reports profit

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Presided over by Dr. Umberto Nordio, Alitalia held its annual meeting recently in Rome.

The company's balance sheet showed a profit of 1,818 billion lire. General expenses rose by 32% compared with 1980, i.e. from 1,571.33 billion lire to 2,074.99 billion. Between 1980 and 1981 overheads rose by 31%, it was announced.

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### New products from Fichet

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Fichet, one of the oldest lock manufacturers in the world, is staying in the forefront through constant research and innovations. The French firm offers a number of cylinders and locks, including such new innovations as a lever-type cylinder (the 450 High Security Cylinder) with 60 billion different locking combinations, a triple-locking device for doors (the Vertibind) and the Citadelle "S" security door, featuring an entirely new design to foil housebreakers.

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### Astir Insurance Co. board

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The new board of directors of the Astir Insurance Company consists of:

President: Konstantinos Georgoutsopoulos, deputy governor of the National Bank of Greece.

Members: Savas Vlachos, retired; Sotirios Karayiannopoulos, industrialist; Konstantinos Kotsakis, lawyer; Xenofon

Metallinos, economist; Panayiotis Pateras, bank employee; Konstantinos Radopoulos, economist; Dimitris Seftelis, vice president of OPAP; Dimitris Stamatopoulos, bank employee; Kyriacos Stravrakis, private employee; Vasilios Tsatsanis, private employee; Theodosios Fetsis, director of the National Bank of Greece.

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### Arista is new airline

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Arista International Airlines, founded in 1979 and given U.S. Federal Aviation Administration approval this March, is the latest airline on the international scene to offer charter flights from New York to Greece, Madrid, Rome, London, Vienna and Tel Aviv.

Founded by Nicolas Athans, a Greek-American who entered the airline business in 1960 as an airline employee, Arista now owns two DC-8s and expects in October to purchase a DC-10. The company is claiming a 90% increase in productivity, and says its rates are kept low because of employee profit-sharing, employee incentive plans and the fact that fuel costs make up 55% of total operational costs. Normal on other airlines, Athans says, are fuel costs accounting for 25% to 30% of operational costs. The result for Arista International, he says, is a 25% lower overhead.

Currently, one-way rates round-trip to Athens from New York range between \$299 and \$399. Athans also says his package tours (including hotel transfers, excursion and cruises) cost 35% to 40% less than average tours on the market.

This year, Arista expects to bring to Greece approximately 20,000 visitors, who in turn, he claims, will provide the country with nearly \$20 million in revenue.

Optimistic for the future, Athans says he is receiving 300 inquiries a day, and on the strength of that has moved to a new office on Fifth Avenue in New York and installed a fully computerized reservation system.

The wholesale travel agency also has an office in Athens, 3 Paparigopou-

lou St., Klafthmonos Square (tel. 324-5926, 324-5927).

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### New JVC mini-video

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The Japanese company JVC has announced that on July 5 it will be putting a new mini-video system on the market. The new video, which will be the smallest VTR in the world and has a cassette about the size of a cigaret packet, will be on sale in the United States by the end of the year and in Europe and other countries by the end of 1983.

JVC will manufacture 10,000 sets a month and will sell them at a retail price of 159,000 yen each, batteries included.

The new VTR, the HR-CR, was originally designed as a portable unit. It weighs two kilos and has a 4.8 watt consumption, which compared with the usual 9.6 watt consumption of other portable videos, is a considerable step forward.

JVC and 11 more Japanese companies using the VHS for VTRs have standardized the 20-minute tape which will be used in the new system.

The tape will be on sale in Japan for 2,300 yen. An adapter is also available to allow the tape to be used in ordinary sets.

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### Aluminium de Grece meets

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At the annual meeting of the shareholders of Aluminium de Grece the following points were made in a company report:

1) In addition to the effects that the world recession has had on the Greek aluminium market, the second consecutive year of protracted inflation and the crisis in the construction sector have influenced practically all sectors of industry.

2) For the first time a period of crisis in the aluminium industry is mani-

fest in the substantial drop in domestic sales.

3) The crisis would have been much more serious had not Greek manufacturers kept 1981 exports of semi-aluminium products to the Middle East at 1980 levels.

4) In face of the fluctuations of the market the company tried to maintain its competitiveness by improving productivity and promoting exports in order to offset the drop in domestic sales.

The report also listed the activities of the company as follows:

a) Bauxite mining of affiliated companies in 1981 reached 540,000 tons; ore purchases from third companies amounted to 460,000 tons.

b) Production of anhydrous alumina amounted to 490,000 tons compared with 494,300 tons in 1980. Energy saving per production ton was most significant.

c) Aluminium production amounted to 147,477 tons as against 146,500 tons in 1980.

d) The company's turnover in 1981 amounted to \$246 million compared with \$282 million in 1980, a decrease of about 13%.

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### Macedonia-Thrace Bank visitors

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An Arab trade mission visited the Bank of Macedonia-Thrace recently, on the occasion of the Textilia exhibit in Thessaloniki. During the visit, president of the bank's board, Professor E. Karantonis referred to the close relations and friendship between Greece and the Arab countries, and pointed out opportunities for cooperation in all sectors of activity.

Karantonis, referring to the competitive advantages of Greek products, expressed his wish for promoting trade relations between Greece and the Arab countries, and said his bank has reached a stage of development which allows carrying out of trade transactions on an international level. The bank has a

large network of correspondents in the Arab countries. Present at the event were the Greek Minister of Trade, the Undersecretary of Finance, the mayor of Thessaloniki and various other representatives.

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### Texaco cites profits

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Despite the troubled period in the petroleum industry in 1981, John MacKinley, chairman and chief executive officer of Texaco, says in a recent annual report that Texaco last year realized its highest net profits in its 79 years of operation. The profits included those from both the U.S. and its overseas operations.

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### Seb's 30th anniversary

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Seb, a French company, introduced its first pressure cooker on the market 30 years ago. Some 30 million pieces have been sold since then. Seb also manufactures a variety of small appliances, and, considered one of the largest companies of its type, has plants all over France employing more than 10,000 people.

Seb began operating in Greece 10 years ago under the direction of Ben-rubi & Sons. More than 500,000 cookers have been sold here since then. In 1975, the firm introduced its Seb toaster and the Poly Pan.

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### Midland Bank publication

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Midland Bank's latest publication, **Spotlight**, was dedicated to Greece and the Greek economy. Embellished with a picture of a chapel on the island of Tinos, the booklet contains directions and advice for foreign investors interested in cooperating with Greek enterprises.

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### ICAP joins Gallup

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At an annual conference in Austria re

cently, Gallup International representatives from 38 countries unanimously signed an agreement admitting ICAP as an official member-branch of Gallup in Greece. The agreement concluded two years of cooperation of high quality services by ICAP. Gallup, founded in 1935, was the first organization to conduct political and social forecasts.

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### NMEO reorganized

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The new director general of the National Management and Organization Company, M. Kokkomelis, recently announced the reorganization and expansion of the company's activities at a meeting of the executive officers and the managing director, P. Radeos. The measures announced by Kokkomelis were:

- Reconstruction of the company's services and expansion of its computer system.
- More efficient services.
- Better public relations.
- Credit cards etc.
- Use of Eurocard with more activities in foreign countries.
- Application of training program of lectures and seminars for the company's staff.

Kokkomelis said the company was preparing to cover the whole spectrum of financial services more efficiently by applying in a more modern manner various activities, such as banking, which are entrusted to it by the Bank of Greece.

CSO: 4600/664

## DEVELOPMENTS IN RELATIONS WITH COMMON MARKET AIRED

Athens BUSINESS &amp; FINANCE in English No 201, 3 Jul 82 p 25

[Text] **T**he European Commission will contribute decisively to the Greek government's program aimed at combatting air pollution in Athens, the EC commissioner for the Environment told the Council of EC Environment Ministers meeting in Luxembourg last week. The pledge followed remarks by Greek Minister of Housing, Planning and Environment, Antonis Tritsis, who during the debate on the third EC Environmental Program referred to the nephos in Athens and the government's determination to confront the problem.

Tritsis told his EC counterparts that pollution was not merely a Greek problem, and Athens is not the only city to suffer. The minister said not only the health of the populace but mankind's most important monuments of civilization were threatened.

Tritsis also stressed the need for a clear and effective EC Environmental Policy, especially an obligatory preventive policy in relation to repercussions of various projects on the environment. He also highlighted the Greek government's resolve to protect the environment within the framework of the country's proposed development program.

## JOBLESS RATE UP

**U**nemployment trends in the European Community continued to rise in May and indicated no sign of a downward trend in the near future, the EC Statistical Office said. The number

of unemployed dropped by 1.8% to 10.2 million in May, but the drop was less than usual at this time of year — indicating further deterioration in the labor market situation.

The EC office said this pushed the seasonally adjusted figure of unemployment above 10.8 million, an increase of 1.6% over April. Unemployment rates in the 10 EC countries was 9% at the end of May, compared with 9.2% in April and 7.3% in May 1981.

The rise in the seasonally adjusted figures of unemployment was observed in all the EC countries, but was particularly marked in West Germany. Greece's rate went up marginally, 0.2%, the lowest increase.

The fight against unemployment, tackled in parallel with inflation, was high on the agenda of EC leaders meeting last week for their second summit of the year. The accompanying table shows the breakdown of unemployment rates for each country and the Community as a whole.

## MEMORANDUM TO FORE

**T**he Greek memorandum, EC foreign ministers decided in Luxembourg last week, will be one of the main topics at the next EC Foreign Ministers' Council meeting this month. It was expected, meanwhile, that positions and decisions by heads of state and governments of member countries will have been settled by then.

	Number	May 1981	May 1982
Belgium	514,000	10.6	12.7
Britain	2,969,000	9.8	11.4
Denmark	224,000	7.4	8.5
France	1,885,000	7.2	8.3
Greece	36,000	0.8	1.0
Ireland	148,000	10.1	12.1
Italy	2,290,000	8.4	10.3
Luxembourg	1,703	0.8	1.1
The Netherlands	486,000	6.4	9.3
West Germany	1,645,000	4.2	6.3
EC	10,200,000	7.3	9.0

Early this month, Lorenzo Natali, vice president of the EC, is scheduled to arrive in Athens for talks, and the commissioner coordinating the EC's positions on the Greek memorandum is to visit the Greek capital somewhat later. So far, the Greek government has expressed itself pleased about EC recognition of Greece's "special problems."

Prime Minister Andreas Papandreou will have the opportunity at the EC summit to define the Greek positions in relation to recent EC remarks. EC sources, meanwhile, hint that France,

with Greece and Italy's support, should take the initiative then to issue a communique favoring accession to the EC of Portugal and Spain — but on the condition that important Community problems be resolved first and that agreement is reached on restructuring the Common Agricultural Policy.

Other matters expected to be discussed at the summit include the Community's economic and social situation, Israel's invasion of Lebanon, developments in the Middle East-EC-U.S. relations and a global EC policy on Mediterranean issues.

CSO: 4600/663

## BUSINESS FACTS, FIGURES REPORTED

Athens BUSINESS &amp; FINANCE in English No 201, 3 Jul 82 pp 9-10, 12-15

[Text]

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**BANKS: SLOGGING IT OUT**

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**T**he bank strike, now in its fifth week, is without question the leading domestic problem of the moment. Both sides seem to be digging in and management, in an obvious effort to win further public support against the strikers, has made public the salaries paid to various ranks of employees of the National Bank of Greece, the largest Greek bank which, like most others, is state-owned.

The list given below shows bank clerk employee salaries to be way above anything paid for similar work requiring similar qualifications in other concerns.

The first figure shows salaries prior to deduction of tax and the figures in brackets are what the strikers are demanding:

- Manager with university degree, 167,400 drs. (177,600);
- Manager without university degree, 152,500 drs. (164,500);
- Assistant manager with university degree, 108,800 drs. (117,100);
- Assistant manager without university degree, 99,400 drs. (107,200);
- Department chief "B" with university degree, 57,900 drs. (73,600);
- Department chief "B" without university degree, 50,600 drs. (68,200);
- Accountant "B" with university degree, 39,400 drs. (56,300);
- Accountant "B" without university degree, 33,900 drs. (50,000);
- Accountant on probation 19,200 drs. (29,800).

All in all neither the salaries nor the increases demanded may be considered exorbitant for people who have invested anything between 5 and 10 years for a university education.

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**RATES STILL HIGH**

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**O**n June 16, Apostolos Lazaris, Minister of Coordination, denied any intention on the part of the government to lower the bank rate. He admitted that loans from banks were very expensive and that business firms faced serious financing problems on this account. He pointed out, however, that inflation remained high, rendering a negative real interest on bank deposits. For this reason they were compelled to charge high interest rates. Lazaris avoided holding out any hope of an early reduction in the bank rate. Logically, this implies that he does not see any short-term likelihood of a worthwhile decline in the rate of inflation in Greece. Readers will remember that the government had said it would keep it to something below 20% for 1982.

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**BODOSSAKIS IN RED**

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**A** look at balance sheets published recently for the 1981 business year by companies belonging to the Bodossakis Group is of interest. In 1980 they ran up a deficit of some 350 million drs. In 1981, results for the group as a whole showed a deficit of nearly 1,000 million drs.

Those badly "in the red" were:

- Powder & Cartridges SA	951 mil. drs.
- Larco (Larymna Nickel) SA	866 mil. drs.
- Wines & Spirits SA	112 mil. drs.
	<u>1,929 mil. drs.</u>

Net profits were earned by:

- Chemical Products and Fertilizers SA	893 mil. drs.
- Owens Hellenic Glassmills SA	21 mil. drs.
- Laiki Insurance Co. SA	56 mil. drs.
	<u>970 mil. drs.</u>

Since the death of the industrial tycoon and founder of these concerns, Bodosh Athanasoglou (Bodossakis), who supervised their management until a very advanced age, and, in his will, converted them into a foundation, they began to accumulate operational losses now totalling 4,000 million drs. while total debts owed by the group are close to 16,000 million drs. This is equivalent to about 1.5% of the 1982 National Budget.

In the meantime the government has ordered its creditor banks to foreclose on Larco and to take 80% of its equity as part settlement of the company's debts to them. Thus, the firm has been virtually nationalized. This is not in any way nationalization of a private concern by a socialist government. The banks under any government could have foreclosed and taken the company over under normal procedures practiced in most western countries.

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## TACKLING THE MIDDLEMEN

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**T**he government has come to the conclusion that there is widespread profiteering, in addition to tax evasion, in the locally produced fresh fruit and vegetable trade. This is no new discovery. It was common knowledge that there was an unjustifiably broad margin between what the grower received for his products and the final price the householder had to pay the retailer. What had not happened in the past is being attempted now.

Reportedly the Ministry of Trade is preparing to set up distribution ware-

houses from which retailers will be able to buy their needs direct from the agricultural cooperatives which will be supplying these depots. This, it is hoped, may cut out one or more sets of wholesalers and middlemen in the trade. It is also intended to organise work teams at the Ministry of Trade whose task will be to work out cost prices and the latter will serve as a basis for calculating the guaranteed minimum prices payable to the growers. A fixed profit margin will then be set on whatever prices are fixed, irrespective of how many times the goods change hands. The more often this happens the smaller the share of the profit margin for each handler.

It is also intended to construct more refrigerator facilities so that pressure on markets from seasonal gluts can be regulated and controlled. State hospitals, foundations, institutes and military establishments will be called upon to acquire their supplies direct from the cooperatives.

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## RIGHT MOVE?

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**L**ast week, both the Minister of Coordination and the Minister of Industry and Energy gave an assurance that there would be no increase in the retail prices of petroleum products in Greece despite the fairly sharp rise in the value of the dollar against the drachma, among various other currencies.

The petroleum handling account in the first five months of 1982 had shown a surplus of 15,000 million drs. The surplus for the entire year had been estimated at 5,000 million drs. Because of this encouraging result, the account could easily absorb the extra burden imposed by the higher U.S. dollar parity (all Greece's oil imports are paid for in dollars). Conversely, retail oil prices in Greece were not lowered when, a few months ago, OPEC lowered its basic oil prices because, at the same time, the value of the dollar was climbing and the one trend cancelled out the other.

Some economists, however, would argue that now is the time to put up the price of oil in order to encourage the



trend toward energy conservation. Economic sense, though, rarely walks hand in hand with political sense.

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## FARMERS DOING WELL

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**G**uaranteed minimum prices for cereals have been announced to the Greek farming community, as follows (all prices are in drs. a kilo):

Soft wheat: 16.10 drs. for growers in mountainous districts whose arable land does not exceed 5 hectares and 15.32 drs. for those in the plains with similar holdings. Those in the plains owning more than 5 hectares: 14.10 drs.

Hard wheat: 23.96 drs. for cultivators in mountainous areas and 20.82 drs. for those in the plains.

Barley: for cultivators in mountainous districts with up to 5 hectares 15.90 drs. to 16.24 drs.; for those owning more than 5 hectares 15.87 drs. to 15.50 drs.; cultivators in the plains owning under 5 hectares: 14.24 drs. while those in the plains 13.75 drs.

Maize: a straight 14.34 drs.

Oats: a straight 15.20 drs.

Rice and small grain: 20.39 drs.; medium grain, 23.59 drs.; large grain, 24.87 drs. and for the Bluebell variety, 26.79 drs.

In announcing these prices, the Minister of Agriculture said that the underlying policy had been to give as much assistance as possible to small-holders. (Most of the small-holders are to be found in hilly and mountainous country.)

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## A SEA OF BEER

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**B**rewers throughout Greece are not very optimistic regarding their prospects for 1982. Higher taxation resulting in higher retail prices for beer have affected consumption. Thus an anticipated 10% increase in consump-

tion will turn into a probable 20%-30% decline as compared with 1981 consumption. Amstel-Heineken hope to remain on top achieving sales equal to those of last year. Heineken-Kaiser felt they also will manage to equal 1981 figures.

Carlsberg, a newcomer to the Greek market, admits it will have to fight for a place among the entrenched veterans. Lowenbrau hopes to capture 12% of the market, according to the Greek Food & Beverages Magazine. Fix-Spatten, under new management and with fresh credit for operating funds, hopes to recover lost ground.

All companies are in agreement that it is going to be a difficult year.

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## EXPORTING STEEL

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**A**fter a meeting between the Greek Deputy Minister for Industry and Energy, Dimitris Pitsioris and his Yugoslav opposite number, Mr. Pondunavatch, it was announced that the Yugoslav side was interested in acquiring steel sheet and concrete reinforcement rods from Greece. Both products are in plentiful supply here. Pitsioris has asked representatives of the Greek steel industry to confer with him on the best means for exploiting this trade opening created by the latest bilateral talks at government level with the Yugoslav trade mission which visited Greece last week.

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## PARITY FOR THE DRACH

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**G**reeks were cautioned not to worry about the rapidly rising U.S. dollar, but to look instead at the parity the drachma will maintain with European currencies, according to an announcement by Bank of Greece governor Gerasimos Arsenis last week. Arsenis said the drachma will maintain parity with European currency — especially the German mark — but will rise and fall freely according to fluctuations of the dollar.

Arsenis said the drachma should not be viewed as devalued against the dollar. Rather, he said, the dollar itself is rising because of high U.S. interest rates and the prevailing political worldwide situation, especially in the Middle East. The dollar, he pointed out, has risen dramatically recently even against such "hard" currencies as the yen and the German mark.

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## TOURIST REVENUES UP

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**T**ourist exchange during the first four months of this year rose 5.9% against the same period in 1981, according to Stelios Panagopoulos, secretary general of the National Tourist Organization of Greece. Panagopoulos also said tourist arrivals for the period increased by 1.3%.

For the first three months, \$179 million was gained, as compared with \$169 million last year. Between January and April, 854,887 tourists visited Greece, compared to 844,302 arrivals during the corresponding period of 1981.

Topping the list of arrivals — despite the war in the Falklands which caused many cancelled airline tickets — were the British, followed by West Germans, Yugoslavs, U.S. citizens and French residents. Earlier in the year, American visitors were in third place — even then presenting a decline in numbers over 1981.

**T**he country's balance of payments, always a source of anxiety both for the Greek government and the Greek business world, showed a \$681 million deficit during the first quarter of 1982. Projected on an annual basis, it would spell a deficit of approximately \$2,700 million. However, a refund from the European Community worth about \$450 million is due later on in 1982 so that the net deficit should be around \$2,250 million. In 1981 the deficit amounted to \$2,400 million.

Since these figures for the first quarter were released, Bank of Greece figures for April show a fresh decline in the gold and foreign exchange reserves

so that on the April 30, 1982, they amounted to \$1047.2 million as compared with \$1105.3 million on March 31, 1982.

At the same time, banknote circulation in April increased by 25,347 million drs. Financing of the public sector amounted on April 30 to 443,375 million drs. compared with 428,110 million drs. on March 31.

Although not directly linked to the balance of payments position, these latter figures are considered by competent observers to suggest a general trend in the economy which may prove the estimate of \$2,250 million balance of payments deficit to have been on the conservative side.

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## GREEK INFLATION

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**T**he slowdown of inflationary rates in the 12 months ending March 1982 continued. According to latest available figures from the Organization for Economic Cooperation and Development (OECD), the average annual rate of inflation dropped to 8.5% against 10.8% in the same period a year ago. This performance rate is considered as the most favorable since 1978, shortly before the second petroleum crisis.

Inflation rates in EC-member countries also showed some improvement during the same period. At the end of March, the rate was 10.7%, the best performance noted following the inflationary rate of 11.4% in September 1979.

The consumer price increase in March 1982 was 0.4% as compared to February, thus the moderate inflationary trend which started six months ago continued. The good performance cited above is mainly attributed to seasonally occurring low prices in foodstuffs. Another contributing factor was the continued decline in petroleum prices, which dropped below the General Price Index during the 12-month period.

Other consumer prices continued at moderate levels, a fact indicative of the general stagnancy in international markets. Favorable price developments in EC countries for the fourth conse-

Provisional balance of payments (in million dollars)

	January-March			% change	
	1980	1981	1982	1981	1982
<b>Imports</b>	<b>2,415</b>	<b>2,685</b>	<b>2,628</b>	<b>11.2</b>	<b>-2.1</b>
Fuel	740	989	703	33.6	-28.9
Other	1,675	1,696	1,925	1.3	13.5
<b>Exports</b>	<b>892</b>	<b>1,167</b>	<b>1,183</b>	<b>30.8</b>	<b>1.4</b>
Fuel	53	174	197	228.3	13.2
Other	839	993	986	18.4	-0.7
<i>Balance of Trade</i>	<i>-1,523</i>	<i>-1,518</i>	<i>-1,445</i>	<i>-0.3</i>	<i>-4.8</i>
<b>Invisible earnings</b>	<b>1,036</b>	<b>1,222</b>	<b>1,228</b>	<b>18.0</b>	<b>0.5</b>
Tourism	190	169	179	-11.1	5.9
Shipping - Transportation	389	465	402	19.5	-13.6
Remittances from abroad	188	217	205	15.4	-5.5
Interest - Dividends - Profits	33	72	67	118.2	-6.9
Inflow of convertible drachmas	82	120	158	46.3	31.7
Other	154	179	166	16.2	-7.3
EC	—	—	51	—	—
<b>Invisible Payments</b>	<b>293</b>	<b>462</b>	<b>464</b>	<b>57.7</b>	<b>0.4</b>
Tourism	66	54	83	-18.2	53.7
Public Sector	37	37	53	—	43.2
Interest - Dividends - Profits	82	181	146	120.7	-19.3
Shipping - Transportation	47	91	57	93.6	-37.4
Other	61	99	125	62.3	26.3
<i>Balance of Invisibles</i>	<i>743</i>	<i>760</i>	<i>764</i>	<i>2.3</i>	<i>0.5</i>
<i>Current Account Balance</i>	<i>-780</i>	<i>-758</i>	<i>-681</i>	<i>-2.8</i>	<i>-10.2</i>
<i>Capital Movements (net)</i>	<i>664</i>	<i>412</i>	<i>516</i>	<i>-38.0</i>	<i>25.2</i>
<b>Private</b>	<b>330</b>	<b>302</b>	<b>141</b>	<b>-8.5</b>	<b>-53.3</b>
Private Investment	107	118	78	10.3	-33.9
House Purchases	114	123	80	7.9	-35.0
Commercial Bank Loans	6	39	24	550.0	-38.5
Commercial Bank Deposits	15	93	9	520.0	-90.3
For. Exchange Deposits	(26)	(87)	(67)	(234.6)	(-23.0)
Suppliers' Credits	88	47	29	—	-38.3
Other	17	17	4	—	-76.5
Loan Payment (Principals)	-17	-41	-25	141.2	-39.0
<b>Central Government</b>	<b>334</b>	<b>110</b>	<b>375</b>	<b>—</b>	<b>—</b>
Central Bank	377	78	420	—	—
Government Loans	9	14	15	—	—
Public Enterprises Loans	49	113	45	—	—
Suppliers' Credits	-1	-1	-1	—	—
SDR Allocation	25	—	—	—	—
Loan Repayment	-125	-94	-104	—	—
<b>Errors and Omissions</b>	<b>367</b>	<b>522</b>	<b>102</b>	<b>—</b>	<b>—</b>
<b>For. Exchange Balance</b>	<b>251</b>	<b>176</b>	<b>-63</b>	<b>—</b>	<b>—</b>
<b>I.M.F. Position</b>	<b>30</b>	<b>11</b>	<b>8</b>	<b>—</b>	<b>—</b>
Change in For. Exchange Holdings	211	105	-82	—	—
Change in Bilateral Transactions (clearings)	10	60	11	—	—
Foreign Exchange Holdings	1,729	1,622	1,106	—	—
Balance on Bilateral Transactions	17	54	103	—	—

cutive month is another factor leading out of the recession.

However, in line with these favorable developments, observers point out the fact that the rates of inflation among most EC competitors are decisively lower. For example, in Japan it was 2.8%, and in the U.S. 6.8%. However, with the exception of West Germany, which ran at 5.2%, rates in the other EC countries were: Italy 16.5%, France 14.1%, UK 10.4%, etc. Discrepancies with regard to the EC countries continue to expand, but it was pointed out that these are signs of economic disparities which in the final analysis are hazardous to the economic stability within the EC itself.

The Greek annual rate of inflation was 20.6% during the period ending March 1982, compared to 19.5% in January. This increase was attributed to the 3.3% record increase in prices against 2.4% in March 1981. The April rate was also high — 3.0% (2.0% in 1981). Part of the increase may be justified by the recent taxation measures which had a direct effect in most consumer prices.

Nevertheless, the quarter ended with 7.3 percentage units against 8 in 1981. This fact allows the government some optimism, though it is understood that the original inflationary rate of 20% will be exceeded. The rate in May was not expected to be much higher than that of the 1.2% for May 1981. It is likely that the first five-month period of 1982 will show a better performance than that of the same period last year, and will express the total inflation rate for the whole year.

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## INCENTIVES LAW

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**C**oordination Undersecretary Panayotis Roumeliotis announced recently that a decision had been made on criteria to be used for the determination of subsidies to be given to businessmen investing in Greece under provisions of the new incentives law.

The criteria will be divided into three categories — high, medium and low — according to the region where

investment will be made. Investments in problematic regions or regions which require development will receive high or medium subsidies, according to specific cases.

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## MONEY SUPPLY

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**T**otal credit supply between January and November 1981 was up 32,891 million drs. (10.3%) compared with the 18,331 million drs. (-7.2%) of a year ago.

The total money offered amounted to 345,946 million drs., distributed as follows (in mil. drs.):

		%
Currency circulation	231,436	66.0
Sight deposits	114,510	34.0
Total	345,946	100.0

(Source: Monthly Statistical Bulletin of the Bank of Greece)

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## WRECKS TO BE EXPLORED

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**A**rchaeological treasures that have been lying at the bottom of the sea for the last two or three millennia will be raised by expeditions led by specialists under a new 66 million drs. program approved by the government.

The special archaeological service program for undersea research came about through the intervention of President Constantine Karamanlis, following interest shown by Minister of Culture and Sciences Melina Mercuri.

The program intends to use the most modern methods in the Mediterranean, and the project is expected to be completed in two years. Archaeologists who will staff the project already have begun studying the seabed of the Mediterranean and have discovered more than 700 ancient shipwrecks off the Greek coast.

Consumer prices in OECD countries  
(Percentage change from previous period — figures not seasonally adjusted)

Countries	1961-70	1971-78	1979	1980	AVERAGE ANNUAL RATE			ACTUAL RATES			
					1981	12 months March incl.	6 months March incl.	Dec.	Jan.	Feb.	March
U.S.A.28		6.7	11.3	13.5	10.4	6.8	1.4	0.3	0.4	0.3	-0.1
Japan	5.8	9.8	3.6	8.0	4.9	2.8	0.3	0.3	0.0	-0.3	-0.2
Germany	2.7	5.2	4.1	5.5	5.9	5.2	2.4	0.3	0.9	0.2	0.2
France	4.0	9.0	10.8	13.3	13.1	14.1	6.1	0.6	1.0	1.0	1.2
Great Britain	4.1	13.2	13.4	18.0	11.9	10.4	4.1	0.6	0.6	0.0	0.9
Italy	3.9	13.0	14.8	21.2	19.5	16.5	8.7	1.0	1.4	1.5	0.9
Canada	2.7	7.6	9.1	10.1	12.5	11.6	5.6	0.4	0.7	1.2	1.3
Total of 7 countries (a)	3.2	8.0	9.3	12.2	10.0	7.8	2.7	0.4	0.5	0.4	0.3
Austria	3.6	6.6	3.7	6.4	6.8	5.9	3.2	0.3	1.2	0.4	0.7
Belgium (b)	0.3	7.8	4.5	6.6	7.6	7.5	3.4	0.6	1.0	0.2	0.2
Denmark	5.9	9.6	9.6	12.3	11.7	10.6	4.5	0.5	0.7	0.6	0.9
Finland	5.0	11.6	7.5	11.6	12.0	10.2	4.7	0.3	1.7	0.5	1.2
Greece	2.1	12.4	19.0	24.9	24.5	20.6	11.5	2.1	1.1	-0.2	3.3
Iceland	11.9	28.7	44.1	57.5	51.6	41.2(c)	20.0(c)			3.2(d)	
Ireland	4.8	17.2	13.3	18.2	20.4	18.9(c)	8.3(c)			0.8(d)	
Luxembourg (e)	2.6	6.9	4.5	6.3	8.1	8.4	4.0	0.6	1.4	1.0	0.1
Netherlands	4.0	7.8	4.2	6.5	6.7	6.8	3.2	0.0	0.5	0.5	1.0
Norway	4.5	8.5	.48	10.9	13.6	11.5	6.4	0.3	3.0	0.7	1.6
Portugal (e) (f)	3.9	18.2	23.7	16.5	20.0	25.6(g)	12.7(g)	2.6	—	3.0	—
Spain	6.0	15.2	15.7	15.4	14.6	14.5(g)	7.1(g)	1.6	1.8	0.8	—

Sweden	4.0	8.9	7.2	13.7	12.1	8.6	4.4	-0.5	2.2	1.4	0.3
Switzerland	3.3	5.3	3.6	4.0	6.5	4.7	1.1	0.0	0.5	0.2	0.2
Turkey	5.9	24.1	63.5	94.3	37.6	37.1	19.2	1.1	4.8	4.4	3.0
Australia	2.5	10.6	9.1	10.2	9.7	10.5(c)	5.9(c)			0.6(d)	
New Zealand	3.8	11.8	13.8	17.1	15.4	15.8(c)	7.2(c)			1.1(d)	
Total OECD (a)	3.3	8.5	9.8	12.9	10.6	8.5	3.3	0.5	0.7	0.5	0.4
Total OECD for Europe (a)	3.3	9.9	10.6	14.2	12.3	11.2	5.3	0.6	0.9	0.6	0.8
EC (a)	3.6	9.2	8.9	12.1	11.5	10.7	4.9	0.6	0.9	0.6	0.8

These figures are copied from the official OECD Consumer Price Index. Some countries publish readjusted indices in accordance with seasonal fluctuations. It is these readjusted indices which are usually referred to in public debates. The OECD figures, which are circulated to most member countries, do not reflect these local variations. To get precise inflation rates, one must study price developments for longer periods. If there were considerable fluctuations during the period under review, the table may not reflect the exact rate of inflation.

(a) Total indices were calculated on the basis of private consumption and on foreign exchange rates in the previous year.

(b) Prior to 1979 rents were not included.

(c) Consumer price indices are available only on a quarterly basis. Therefore, 12- or 6-month wages show developments for the corresponding 4 or 2 quarters until the last period for which data is available.

(d) The monthly rate represents the rate development between two quarterly indices, calculated on a monthly basis during the first half of the quarter.

(e) Rents excluded.

(f) Prior to 1977 only for the area of Lisbon.

(g) According to last month's available data.

**D**eposits in commercial banks and other credit institutions recorded a satisfactory increase of 321,300 million drs. (36.1%) in 1981, compared with 182,138 million drs. (+25.8%) in 1980. Total deposits at the end of 1981 amounted to 1,209,044 million drs.

A. Personal & private enterprises (in mil. drs.)	
1. Sight deposits	73,833
2. Postal savings	747,642
3. Time deposits	303,640
4. Non-convertible	24,330
	1,149,445
B. Public enterprises and organizations	
	59,559
<b>TOTAL</b>	<b>1,209,004</b>

As can be seen from the table, postal savings deposits made up 62% of the volume of private bank deposits, with 747,642 million drs. Time deposits accounted for 25.3%, sight deposits 6.7% and non-convertible deposits 2%. The deposits of public enterprises and public organizations accounted for 5% of total deposits.

## STATE REVENUE UP

**F**inance Minister Manolis Drettakis said last week that the state revenue, from January to April, marked an improvement of 38.8%, as compared with 13.9% during the same period last year. Revenue from direct taxation went up 48.6 % against 15.9%, and that from indirect taxation rose 15.9%.

## ENERGY PRODUCTION UP

**A**ccording to an announcement by the National Statistics Service, the general index for production of mines, industry and electricity-gas during March rose 1% against the same period last year. The index for the production of mines showed a drop of 3.3%, and the index for industrial production dropped 0.1%. However, electricity-gas production rose by 12.5%.

## FOREIGN OBLIGATIONS

**F**oreign commercial obligations at the end of 1981 amounted to a total of \$1,707.5 million, a figure which exceeded foreign exchange reserves of the Bank of Greece.

	\$million	% of total
Short term liabilities		
(3 to 12 months)	1,028.0	60.5
Up to 36 months	325.9	19.2
Over 36 months	353.6	20.3
<b>Total</b>	<b>1,707.5</b>	<b>100</b>

By area, the structure of foreign credits on Dec. 31, 1981, was as follows:

	\$ million	% of total
1. Common Market	1,070.2	62.7
2. Other European countries in the Monetary agreement	195.5	11.5
3. USA	166.3	9.7
4. Japan	18.0	1.0
5. Eastern countries	100.6	5.9
6. Other countries	156.9	9.2
<b>Total</b>	<b>1,707.5</b>	<b>100.0</b>

## ITALY WANTS TOURISTS

**A**fter a lapse of a few years, the Italian government put back into force June 1 special discounts for tourists on gasoline and toll-road payments, in order to attract more visitors. The move was hailed by Greek ferryboat interests as beneficial for the Greek tourism economy, since it was expected to make it cheaper for European motorists to use Italy as a motorway into Greece.

And now it's going to be even easier for those tourists to go home again, thanks to an announcement from ELPA last week. ELPA said it is issuing Italian petrol coupons via all its Athens-Piraeus officers, which will enable Italy-bound tourists to buy tickets for 150 liters of petrol and other toll receipts for a mere 6,300 drs.

## WAGNER COMMITTEE URGES END TO WAGE INDEXING, PRICE CONTROLS

The Hague ANP NEWS BULLETIN in English 1 Jul 82 pp 1-3

[Text] The Hague, June 30--A government committee of inquiry into ways to stimulate a sluggish Dutch economy today recommended abolition of automatic cost of living wage adjustments and a return to more or less free wage bargaining.

In a progress report the so-called Wagner II committee further called for measures to make the rigid Dutch labour market more flexible by removing certain bottlenecks.

It further recommended a tax concession designed to encourage firms to increase shareholders funds by retaining a greater part of company profits.

The report was heralded by Prime Minister Dries van Agt after last Friday's cabinet meeting as a basis for the political talks aimed at forging a new coalition government after the September 8 general elections.

He said at the time he had good reasons to assume the report would recommend the very measures the country was waiting for.

## Free Prices

Among the measures recommended by the committee, named after its chairman, Mr Gerrit Wagner, a former executive president of the Royal Dutch/Shell group, are:

- Abolition of wage indexing,
- abolition on price controls,
- a legally-prescribed minimum wage attuned to price developments but without automatic full cost of living adjustments,
- severance of the existing parity link between minimum wage and minimum social security benefits.

The measures cutting at the very roots of the Dutch welfare state, are listed in a report summing up the work of the Wagner committee in the first half of this year.



The committee suggested annual talks between the government and the social partners on remuneration ties, if any, between the working and idle populations.

It felt the relationship between the two should be based on economic as well as social considerations and depend on the room there is taking into account the country's high tax and social security premium burden.

#### Voluntary Arbitration

The committee emphasised that responsibility for the new wage formation system would primarily rest with the employers and trade unions and could lead to a labour market operating on the principle of supply and demand.

To achieve this, obstacles and rigidities like "mechanically operating indexing clauses and linkages" were to be removed, it added.

In the event of employers and unions failing to agree on wages and other working conditions the committee suggested arbitration on a voluntary basis.

It observed that the recommended system of freer wage formation excluded direct government intervention.

It therefore called for the removal of clauses in the wages act empowering the government to impose wage control measures.

This would still allow the government to intervene indirectly by means of levies and tax measures, it added.

The committee's recommendations, if adopted, would lead to a drastic change in the role of the government because wages in the government sector are now tied to those earned in industry.

#### Trend-Followers

The government would be required to develop a wages policy for public servants as well as for workers in the subsidised private services sector, the so-called trend-followers whose wages are pegged to those of public servants.

The committee said this implied the right to strike on the part of public servants enabling them to set around the table with the government as equal negotiating partners.

The minister of home affairs will be required to do his own wage bargaining and the minister of social affairs to coordinate the government's wages policy.

They will both be required to operate within the scope of the government's social and economic policy and the committee has recommended a separate budget for the purpose.

## Retained Profits

On its proposal to ease the tax burden of trade and industry, the committee said it preferred an increase in the deductibility of capital to a cut in company profits tax.

The first could boost shareholders funds by retention of more profits. Besides, it would create a better fiscal relationship between tax over profits from shareholders funds and the deductible interest costs of borrowed funds.

The committee estimated the cost of increasing the proposed deductibility at two billion guilders and said the 0.5 billion guilders for 1982, rising to one billion in 1983, as pledged by the government, could be regarded as a first step.

The committee also called for measures making it easier for companies to attract outside capital and said it was thinking here of making the purchase of shares in participation companies tax deductible.

It further pleaded for the establishment of an interdepartmental reindustrialisation committee to be chaired by the economics ministry's director general for industry.

## C'ttee Members

The Wagner committee of inquiry was set up by Economics Affairs Minister Jan Terlouw early this year as a follow-up to the first Wagner committee which last year published a report entitled 'Towards a New Industrial Elan.'

The committee said today it planned to publish a third report towards the end of this year dealing with the 'involvement of trade and industry in employment, competitive energy prices, technology policy and government investments in the country's infrastructure.'

The present members of the committee are former Social Affairs Minister Wil Albeda, the head of the DSM (Dutch State Mines), Mr W.A.H. Bogers, Mr M. Bijl of the HBG building company, Senator Andre Kloos, a former Socialist trade union federation leader, Mr H. Langman, of Algemene Bank Nederland, Mr J.H.S. van Ruiten (Nagron), former Defence Minister and EEC Commission for Social Affairs, Mr Henk Vredeling, and Professor A. van der Zwan, the spiritual father of a report published by the government's brains trust (WWR) on a new industry policy.

CSO: 3120/74

## LOCAL PRESS VIEWS CURRENT ISSUES

## Long Absences of President Scored

Nicosia CYPRUS MAIL in English 3 Jul 82 p 3

[Text] The latest reports about the meetings of President Kyprianou in Athens with Greek Prime Minister Papandreou and their official press release still leave open the question of whether relations between the two men have been straightened and the treatment given in the various papers is one of "As You Like It".

ELEFTHEROITYPIA, the paper of the ruling Democratic Party of President Kyprianou, in banner headlines says "Kyprianou-Papandreou will continue their contacts--Close and sincere collaboration--Positive and useful results from the talks" and publishes a picture of the President kissing the Greek Premier on arrival at the Premier's residence at Kastri, near Athens, where they met.

However the opposition which has described the kiss to Papandreou as a showy move and an "Operation Kiss" does not agree with this interpretation and insists that there is no thaw yet.

ALITHIA's Athens correspondent even says that the choice of the Kastri residence of Papandreou as the venue of the meeting was because of the heat wave which has meant that the Greek Premier has minimised his movements.

SIMERINI, however, is not sure whether the whole affair is not part of a tacit agreement for the "soft-landing" of the crisis.

"The kiss given by the President was not given as a joke, nor did Papandreou accepted it out of embarrassment. The kiss was planned. And the expedience was invented to put on record both the embrace and the new phase of the Athens-Nicosia relations, a phase of silent soft-landing", it says.

Contrary to the attitude of most other anti-Kyprianou papers, which unequivocally defend the Athens stance, SIMERINI says that the Greek Prime Minister is not free from blame and has a duty to explain "to all the Greeks" what happened, why it happened and what is happening now, and to say if what President Kyprianou called "misunderstanding" has been removed.

AGON accuses the government of resorting to unorthodox ploys to mislead public opinion about the relations with Athens and says that reports about "wide measure of agreement" in the Athens talks to which a Reuter despatch from Athens referred, were conveyed by a senior official of the Cyprus government team.

The paper notes that the government spokesman in Nicosia had to admit that the Reuter despatch "contained inaccuracies".

NEA also underlines that the government spokesman admitted that the Reuter despatch contained "inaccuracies" and NEA's report underlines that the press release issued in Athens does not speak of agreement but only about "exchange of views".

ALITHIA gives bold headlines to a report of its own that Rally leader Clerides is almost sure to meet Papandreou in Athens when he (Clerides) will be returning from Paris where he has gone to attend the European democratic parties conference and raise the Cyprus issue there.

Meanwhile the President's long absences from Cyprus and his costly trips has become another controversial issue with pros and cons stubbornly defending their respective stand.

ELEFTHEROITYPIA accuses the "armchair critics" who blame the President and the Foreign Minister for the visits while agreeing that internationalisation is essential. "Do they expect internationalisation to be done with telephone calls and exchange of correspondence?" the paper asks and advises critics to think about the national harm caused from such an attitude.

KYRIKAS in its editorial doubts whether all the trips were actually meant for internationalisation and asks whether Mr Rolandis has become an "Overseas Minister" instead of a "Foreign Affairs Minister" and uses his office like a stopover to book his next air seat.

The House debate on "Government actions and public interest" provides new material for all papers though the treatment is varied and wide according to the political affinities of each paper.

HARAVGHI features a speech by Mr Chambis Michaelides of the Akel group in the House asking the Rally whether it believes that the coup and the sheltering of coupists in the Rally party was in the "public interest".

ALITHIA in its editorial about Akel cries of "fascist danger" says this is imaginative dangermongering while the Akel threat of communisation is real.

NEA in its editorial keeps up its attack on Akel for allegedly helping Clerides by putting to their members the dilemma of "Either Kyprianou or Clerides". Why not Lyssarides', it asks.

## Visit of Italian Minister Criticized

Nicosia CYPRUS MAIL in English 4 Jul 82 p 3

[Text] The visit of the Italian Foreign Minister Mr. Emilio Colombo provides new grounds of attack against the Kyprianou government by his opponents because of the crossing for a meeting with the Turkish Cypriot Leader Mr. Denktash in the north.

The socialist Edek's paper NEA and the Union of Centre party mouthpiece KYRIKAS blame the government for consenting to this procedure and KYRIKAS says it was a condition the Italian Foreign Minister had made for accepting the invitation.

The news of the visit though given in full in HARAVGHI, the official organ of the Akel party which collaborates with President Kyprianou, is published only on the fifth page with an announcement in the first page.

ELEFTHEROTYPIA, the ruling Democratic paper publishes the picture of the Italian Foreign Minister with President Kyprianou but this is not the lead story in the paper which gives to the spy trial of the Turkish Cypriot, Nedjet Hussein, its top headlines.

NEA says it is the first time a foreign diplomat who is an official guest of the government goes to the north and accuses for this the new "joint venture" government which emerged from the collaboration of Kyprianou's Democratic Party with the communist Akel party.

The paper says this attitude helps Turkish demands for recognition and notes that three Foreign Ministers who had paid similar visits to Cyprus, of Yugoslavia, Austria and India, declined to go to the north despite protest from the Turks.

Further the paper notes that the Turkish Bairak radio in its news about Mr. Colombo said that he came to Caprus for talks with the Greek and Turkish Cypriot communities.

KYRIKAS agrees this helps the Turkish plans and demotes the legitimate government and asserts that some other Foreign Ministers who accepted invitations on similar conditions which the government allegedly conceded.

Meantime the Nicosia-Athens relations continue to attract attention with different interpretations as to the actual position.

The socialist Edek's NEA and rightwing independent AGON insist that the rift continues and quote Athens newspapers which note that the press release about the Athens meetings of the President speak of "exchange of views" and avoid any reference to "identity of views" which was the characteristic of all statements in the past.

ELEFTHEROTYPIA, the ruling Democratic Party paper, expresses gratification that "the cloud which was casting a shadow for some time on relations with Athens is definitely dispelled" but the Akel party "Haravghi" avoids expressing an opinion.

The two Rally supporting papers have different assessments about the situation.

ALITHIA accuses Kyprianou of clouding things and failing to tell the truth that there is no identify of view and the Athens displeasure with the "minimum programme" persists.

SIMERINI on the other hand feels that the press release and the latest statement by the Greek government spokesman that the Greek government does not intervene in Cyprus internal affairs and asking political parties in Cyprus to respect this wish is directed at the opposition parties and means the Greek government has accepted Kyprianou's option for Papaioannou (Akel) rather than Papandreou (Greek government).

This, Simerini's editorial says, signifies a return to the old dogma of "Cyprus decides and Greece supports" which was the rule in the previous rightwing governments (Karamanlis and Rallis).

The paper says this statement of the Greek government spokesman is "Sibylline" (mysterious) and adds that problems are faced by attacking them not be deferring their confrontation.

CSO: 4600/656

## CESPE SURVEY ON PCI RELATIONS WITH FIAT WORKERS

Rome POLITICA ED ECONOMIA in Italian Jun 82 pp 33-41

[Survey by Sergio Scamuzzi of the Center for Studies in Economic Policy:  
"Fiat Blue-collar and White-collar Workers Between Old and New Radicalisms"]

[Text] Introduction

According to the well-known thesis of polarized pluralism,<sup>1</sup> the reasons for the immobility of the Italian party system may have been the presence of numerous parties which were ideologically far apart, and, in particular, the lack of full acceptance of the system by the major opposition parties, the PCI on the left and the MSI [Italian Social Movement] on the right. Still according to this thesis, the largest party, the DC [Christian Democratic Party] remained frozen in the center, in the government, while the other two parties mentioned were frozen in the opposition. The Italian political system maintained these characteristics until the beginning of the republic, with only changes of secondary importance until the early 1970's. From then on, there occurred some changes in the relationships between the parties and the government and in their strategies which changed some important features of this "polarized pluralism": the experience of the national solidarity governments which were the product of the "historic compromise" strategy; The PCI's break with the East European countries in search of a strategy of the left in the West European countries (Eurocommunism); and the decline in influence and role of the MSI in national politics. These developments, in varying manner and degree, increased the hope and the concrete possibility of overcoming the excessive ideological polarization of the system and of saving and preserving pluralism. What social bases did these changes have?

An increasing number of analyses<sup>2</sup> claim to show changes in evaluations and orientations toward the PCI among increasingly large elements of the population, who no longer view it as being situated more to the outer extremes of the system, but rather closer to its center, and this within the context of a broader syndrome of deradicalization of the political orientations of the public.

The purpose of this paper is to present some data from the survey of Fiat workers,<sup>3</sup> now being written up at the Piedmont Antonio Gramsci Institute of Economic-Social Sciences, that seem to confirm the existence of this tendency among the Fiat white-collar and blue-collar workers, too. The difference from the studies

previously cited--which are based on sampling of the entire adult Italian population--is that this study, though also thorough, is limited to one sampling group, the white-collar and blue-collar workers of several factories of the company,<sup>4</sup> in other words, a segment of the category of employees in major industries. The latter constitute less than a quarter of the Italian industrial work force, and one-tenth of the entire working population. It is the group's "political" rather than its sociological representativeness which makes the comparison interesting: In the processes of communication and political decision, some groups have an influence in their country greater than their numerical strength, since they serve as reference groups for decisionmakers. This is precisely the case with the Fiat employees in their contacts with the trade union and political leadership, and with the mass media that filter and communicate their image. The PCI's image also partly depends on what the Fiat employees do and say, or what is attributed to them.

This particular group also provides a good test of the more general hypothesis that Italian political culture, the way in which Italians think and talk about politics, is becoming deradicalized: We can never overemphasize that Fiat is not only the "post" of an advanced guard of the workers movement, but also of one of the most modern and advanced groups in Italian society, and is a huge corporation with a unionization rate lower than many other corporations. Behind this general profile, the picture that emerges from research can be regarded as the Italian manifestation of a more general tendency of leftist orientations (or political radicalism, to use an Anglicism) to manifest themselves in new forms which are not reducible to the coherent modern model of class consciousness which developed in the tradition of the Marxist labor movement, and also in this picture there is evidence of a kind of apathy and growing depoliticization. There is an evident revival of a tendency of Fiat employees to engage in political exchanges and social agreements with other social parties if such phenomena and tendencies show up among them.

#### Deradicalization and Depolarization

Among the questions put to the Fiat white-collar workers was the following: What would be the effect of the PCI participating in the government? The replies are tabulated in Table 1.

Table 1.

"What do you expect from participation of the PCI in the government?"  
(Fiat white-collar workers, percentages)

--Radical social transformations to the benefit of the workers	3.4
--A start toward solution of the problems of our country	18.2
--Good and more honest administration	20.6
--More order, more discipline	8.2
--No consequences: The PCI is like the other parties	39.1
--Nothing good for our country	10.5

(N = 1662)



The extremes of this distribution express the images of the PCI as an "anti-establishment party" from the point of view of leftist observers (first response) and from the point of view of the right (last response): They account for only 14 percent of those questioned. The most frequent responses reflect an image of the PCI as a reforming party and the image of being "just another party." Responses in the first category have a clear majority: 47 percent. One can deduce from this that to this segment of the working class the PCI is no longer an antiestablishment party, and that the expectations from the PCI are roughly half negative (last two responses) and half positive (the others). We might add to this last point that membership in the middle class does not make much difference compared to belonging to other classes, for other surveys have found about the same proportion of positive or negative opinions all across the Italian population.

One element of extremist radicalism and of the PCI's image as an antiestablishment party is rejection of the rules of the democratic process, a factor in delegitimization of the political system.

Two other questions in the Fiat survey, directed at both blue-collar and white-collar workers, probed the social bases of this line of thinking (see Tables 2, 3).

Table 2.

"What does democracy mean" (percentages)	White-collar	Blue-collar
--Freedom to express your own ideas	36.6	42.0
--Pluralism of parties and free elections	9.3	4.6
--Work and a dignified life for all	24.4	27.1
--Participation by the citizens in all decisions	29.7	20.4
--Do not know	--	5.9
	(N = 1,711)	(N = 3,938)

Table 3.

"What do you think about cooperation between employees and managers?" (percentages)	White-collar	Blue-collar
--It is necessary, because it is to the benefit of everyone	58.0	41.1
--It is possible, but it should be negotiated	27.3	33.3
--It is impossible, because they have opposing interests	14.7	25.6
	(N = 1,743)	(N = 3,917)

One interesting way to look at these responses is to interpret them on the basis of types: the interpretations of the left or the right, as appropriate to the modern society of liberal capitalism, or appropriate to the advanced society of mature capitalism. Democracy defined as work for everyone, or alternatively as participation, would be a leftist interpretation, while democracy as freedom, or pluralism, would be a rightist interpretation.

The relations between employees and company, between blue-collar workers and owners, are seen as difficult or impossible by the left, but as necessary and in the interest of both sides by the parties on the right. As for degree of modernity, there is a whole, distinguished tradition of studies of advanced industrial societies, from R. Dahrendorf and S.M. Lipset to A. Giddens,<sup>5</sup> which has emphasized the following dichotomies: modern vs contemporary society, industrial vs postindustrial society, liberal or competitive capitalism, as well as capitalism which is advanced or mature, or oligopolistic or monopolistic, liberal vs neocorporative democracy, "hard times" or post-"hard times" (posthardship) [in English] culture, etc. These dichotomies can be classified under two main types of social formations: modern societies and advanced societies. Therefore, we can assume that the responses "work" and "freedom" are modern interpretations of democracy, related to the liberal and socialist tradition of the past century, while the "participation" and "pluralism" responses are more refined concepts of democracy from "advanced" countries. It thus becomes possible to hypothesize that the idea that cooperation between labor and capital is impossible is a characteristic of liberal capitalism's concept of class struggle, while in the advanced capitalist society the class conflict is embodied in institutions which control the industrial and political conflict, and thus make cooperation possible, parallel to them.<sup>6</sup> This happens either because the working class has been negatively integrated into the system, or because political exchange practices have been instituted in corporative democracies. We should add that from this point of view that the response "necessary cooperation" is an ambiguous term from the moment that it can refer either to a "deferent worker" [in English] like Lockwood of modern type, or to an "organization man" [in English] like White of the advanced type.<sup>7</sup> The type classification of these responses can be summarized as in Figures 1, 2.

	<u>Left</u>	<u>Right</u>
Modern society	work and dignity	freedom
Advanced society	participation	pluralism

Figure 1. Principles of a Political Democracy. A Type Classification

	<u>Left</u>	<u>Right</u>
Modern society	cooperation impossible	cooperation necessary (deferent)
Advanced society	cooperation possible	cooperation necessary (functional)

Figure 2. Principles of an Industrial Democracy. A Type Classification

Fiat blue-collar and white-collar workers show a generally high preference for democracy as the fundamental principle of politics. No negative response was expected to the question reported in Table 2, but the makeup of the questionnaire

left several possible opportunities to dissenters: no response, the evasive "do not know," or an invalid response. None of these alternatives were used to a significant degree. The interpretations of democracy held by blue-collar workers seem only slightly more conservative than those held by white-collar workers, and much more characteristic of a modern society than an advanced one. What makes the blue-collar workers even more "behind the times" is their high support for the values of freedom, and what locates them further to the left is their high rate of preference for democracy as meaning freedom and dignity for all. By contrast, what makes the white-collar workers more "advanced" is their higher preference for participation and a better understanding of the term "pluralism," undeniably a refined word, while what locates them further to the right is their rather pronounced preference for the values of pluralism.

As for industrial democracy, the majority of those questioned share a cooperative, harmonious view of industrial relations and the relationship among classes in the plant: The white-collar workers are to a degree more cooperative than the blue-collar workers, and on the whole slightly more conservative. It is interesting to note that in both groups there is greater support for the orientation characteristic of an advanced society toward industrial negotiations rather than an antagonistic attitude in dealing with the interclass encounters.

The responses examined thus far give a good indication of a complex phenomenon of deradicalization which includes both a considerable legitimization of the PCI as a candidate for the government and a broad and diffused political support for the principles of political and industrial democracy. However, the deradicalization is accompanied by a new kind of radicalism of the left in the advanced society, a topic which we will return to later. Further data supporting the thesis of the deradicalization syndrome are derived from the [Fiat blue-collar workers] attitudes toward terrorism analyzed by A. Baldissera in another article published by this magazine<sup>8</sup> and from the responses concerning the "model society" that we will now analyze. Both the blue-collar and white-collar workers were asked if they believed there was any other country where the workers had more power than in Italy and, if so, what country? Among those replying in the affirmative--only 26.5 percent of the white-collar workers and 43.2 percent of the blue-collar workers--only a very small minority cited either the socialist countries or the United States, the traditional political and ideological blocs, while the overwhelming majority cited the European social democracies with their strong parties and trade unions (see Table 4). The FRG scored the highest, and along with the United Kingdom, Switzerland, and Austria was named by about two-thirds of the respondents. PCI voters and members did not depart much from this same general trend (see Table 4<sup>a</sup>).

The question on the model society was not exactly a question on ideological models, but it is adequate to help us distinguish what we might call, for mutual understanding, communist critics and orthodox communists. Furthermore, our data seem to agree with the conclusion of other research<sup>9</sup> that the discrediting of the Soviet model does not result so much in greater preference for other models as in more abstract definitions of the socialist ideal by the communist critics, especially among the white-collar workers.

This said, let us turn to the data on the role of the PCI, on democracy, and on industrial relations that seem more pertinent to our theme of deradicalization and the tendency toward political exchange, or toward negotiated agreements.

Table 4.

"Are there countries where the workers have more power than in Italy?" (percentages)	<u>White-collar</u>	<u>Blue-collar</u>
Do not know	51.8	40.6
No	21.7	16.3
Yes	26.5	43.2
Among those who answered "yes"		
USSR	4.6	7.8
United States	7.3	4.4
Socialist countries	13.2	9.6
European social democracies (West Germany, United Kingdom, Switzerland, etc.)	66.1	65.6
"Liberal" countries (France 1980, Switzerland, etc.)	8.8	11.9
Other countries	--	0.7
	(N = 1,715)	(N = 3,925)

Table 4<sup>a</sup>.

Preferences of PCI members and voters who answered "yes" to the question of Table 4. (percentages)

	<u>White-collar</u>		<u>Blue-collar</u>	
	<u>Members</u>	<u>Voters</u>	<u>Members</u>	<u>Voters</u>
USSR	14.3	7.6	19.3	13.6
United States	0	1.9	1.5	3.4
Socialist countries	46.4	23.8	17.7	14.6
Social democracies	39.3	59.1	46.9	56.5
Liberal democracies	0	7.6	14.6	11.9
Percentage of number of "yes" responses	35.3	37.3	49.4	47.7

#### Rules of the Game, Image of the PCI, and Political Spectrum

The conceptions of the relationship between employees and the plant are a crucial issue for a Marxist party in an industrial society, particularly when they associate the party's identity with what is regarded as the present basic rupture in society. An effective, if rather rough, indicator of the party's identity can be derived from the relative strength of the attitudes of PCI voters regarding confrontations in the industrial conflict, and comparison with the strength of the same attitudes among voters of other parties. The electoral preferences and the conception of industrial conflict do have a mutual influence, but if we give priority to the ideologies of industrial conflict in

deference to the Marxist theory of class-consciousness we find that a kind of ideological spectrum can be constructed along an imaginary line which extends from the more harmonious views to the more adversarial views of industrial relations among the voters of each party. As can be seen from Table 5, the data on blue-collar and white-collar workers are not very different.

In respect to white-collar workers, the extreme left is occupied by the PDUP [Proletarian Unity Party] and the Radical Party. In a somewhat less extreme position though still on the left, there are the PCI voters, and toward the center, the Socialists. The rightwing segment combines in a fairly narrow band the DC voters and the voters of the smaller secular parties (republicans, liberals, social-democrats) and the MSI voters.

Among the groups on the left which oppose cooperation between employees and plant, the antagonistic approach of the modern type seems particularly common among the voters of the extreme left, radicals and the PDUP, while the PCI voters are more favorable to negotiations and therefore, in terms of our type classification, are more "advanced."

The blue-collar workers do not show substantially different orientations. More of them vote for the PCI, but do not thereby seem to be more oriented to the left than the white-collar workers in our sample. Also, the conceptions of the political spectrum held by white-collar and blue-collar workers are more or less the same: On the left, the Radical Party, the PDUP, and in general the parties of the new left, the PCI between the center and the left, the Socialists between the center and the right, and other small parties, the neofascists and the DC bunched to the right, with the social-democrats rather than the neofascists being farthest to the right on our imaginary line.

The hypothesis behind our type classification seems to hold up well when there is a significant correspondence between rightist orientations and those in favor of cooperation, and between leftist orientations and those against cooperation. I will say more later about the modern vs advanced dichotomy, but the correspondence between the voting for the major leftist parties and attitudes favoring negotiation already provide a good test in its favor.

Table 5. Percentage of voters in each party who consider that cooperation between employees and management is necessary.

	<u>PDUP</u>	<u>NSU</u>	<u>PR</u>	<u>PCI</u>	<u>PSI</u>	<u>MSI</u>	<u>PLI</u>	<u>DC</u>	<u>PRI</u>	<u>PSDI</u>	<u>Total</u>
White-collar	12.5	0.0	35.6	41.0	57.1	70.0	71.4	72.9	74.8	77.8	55
Blue-collar	13.6	15.8	47.8	34.9	47.1	48.7	45.5	56.3	54.2	62.1	41

[PSI] Italian Socialist Party; PLI [Italian Liberal Party];  
PRI [Italian Republican Party]; PSDI [Italian Social Democratic Party].

Other studies on the political values and choices of Italians in the past few years show the same drifting effect in party positions along the ideological spectrum. The picture that always emerges is of a broad expanse, with little crowding, on the extreme left, with the communists and socialists close to each other toward the center, and an overcrowded right. People tend to identify rightwing with the DC party, and leftwing with the PCI, and perceive things and parties on the leftwing other than the PCI as antiestablishment forces. If we had to cite one persisting popular ideological conception, it would be the tendency to regard the PCI as opposite to the DC, rather than the left to the neofascists, and with the DC regarded as in the center. At the same time, the distance between the parties of the left, the PCI and PSI, and the parties of the right, the DC and minority secular parties, is still broad enough to support the statement that a kind of polarization does persist, since the only real ideological pole of the system is on the right, with the center occupied by the PSI, and the parties left of this center, primarily the PCI, more and more representing political choices rather than ideological preferences of the voters. Finally, the true center of the system seems to coincide not with the average of equiprobability of orientations, but with the segment containing the median to the right of the average of values: This overall reduction in the breadth of the political spectrum and the displacement toward the right appear also to be symptomatic of deradicalization.

However, this is only one indicator of the location of the parties along the left-right dimension. Another indicator is the relationship between conceptions of democracy and electoral choices. This relationship is very weak, as can be seen from Table 6. An interesting fact is that the median position in any continuum of positions from right to left, from modern to advanced, is not occupied by the DC voters, nor are the extremes occupied by the voters of the PCI or MSI. Instead, the median position is occupied by the socialists, with the communists on their left and the DC slightly further away on the right side of the distribution.

Table 6. Conceptions of democracy by Fiat white-collar and blue-collar workers according to voting preference. (percentages)

	<u>DC</u>	<u>PRI</u>	<u>PSDI</u>	<u>MSI</u>	<u>PLI</u>	<u>PSI</u>	<u>PCI</u>	<u>PR</u>	<u>PDUP</u>	<u>NSU</u>	<u>Total</u>
<u>White-collar</u>											
Freedom	50	35	52	55	23	36	25	38	13	11	35
Pluralism	15	18	7	17	23	10	9	2	7	11	9
Work	20	21	22	11	27	23	24	22	7	11	24
Participation	15	26	19	17	27	31	42	38	73	67	32
<u>Blue-collar</u>											
Freedom	51	35	55	49	55	43	42	42	27	38	42
Pluralism	7	9	17	3	18	7	4	7	4	5	5
Work	23	34	14	24	18	29	26	20	20	9	26
Participation	17	22	10	19	9	19	23	27	44	43	21
Do not know	2	-	4	5	-	2	5	4	5	5	6

With the purpose of defining precisely the political-ideological spread, we must analyze also the attitudes toward confrontation in industrial conflict: After all, it was the views of political democracy suggested by the questionnaire which were then expressed in the opinions, rather than those values which might determine the vote of the person interviewed. In this connection, one important result seems to be that there is no relationship between conceptions of democracy and conceptions of industrial relations. The two areas seem quite independent of each other--and this is also one of the main features of deradicalization, according to all the most prominent theories. Our results lead us to the conclusion that the electoral choices of the people in our sample are no longer concentrated on the issue of democracy. That is, to the voters the system and its principles are no longer in doubt; they constitute rather the accepted frame of reference and are taken for granted even by those who choose to vote for the PCI. The only characteristic that emerges from the communist vote is stronger emphasis on participation in all decisions; a useful parallel to the marked stress on negotiation in industrial relations evident previously among the same communist voters.

Let us, therefore, summarize our initial results as follows. The image of the PCI is of a party of the left in an advanced society, of a nonextremist party of the working class with a definite but not exaggerated profile. We have also found a general acceptance of the system, an alignment of the PCI with the basic values of the system, and finally, we have verified that the communist voting motivation is probably based on the party's program as well as on cultural affiliation with it. As we have said repeatedly, these are among the principal characteristics of depolarization and deradicalization.<sup>10</sup>

#### Relegitimatization in Both Directions

A notable characteristic of the polarization of the classical model is that the delegitimatization of the orientations at the political poles [right and left] are reciprocal. Sartori mentions the role of extremist orientations of the party members and voters in forcing the leaders to take polarizing positions in visible politics, while more conciliatory attitudes and less polarizing behavior may prevail in nonvisible political activity.

It is generally supposed that the middle classes are the less positive in confrontations with the antiestablishment parties. However, our survey on the Fiat employees is an interesting test also in view of the low rate of unionization and leftist voting of these workers: for those questioned, 20 percent of white-collar workers enrolled in unions, compared to 55 percent of blue-collar workers; and 16 percent of white-collar workers voted communist compared to 30.7 percent of blue-collar workers. In this case also, we find some depolarizing indications in attitudes toward the PCI (see Table 7).

Most communist voters expect communist participation in the government to produce a start on solutions to the problems of the country (46.8 percent) and various manifestations of good government (35.3 percent) rather than a revolution (8.7 percent), while most DC voters do not expect any particular effect, and MSI voters do not expect any effect or no good effect, in about equal proportions. Following our experiment in type classification, less than one-tenth

Table 7. "What would you expect from possible PCI participation in the government?" (Fiat employees according to voting preference)

	DC	PCI	PSI	MSI	PSDI	PR	PLI	PRI	NSU	PDUP
Radical changes	0.0	8.7	2.5	0.0	0.0	0.0	0.0	3.7	0.0	0.0
Problem solutions	5.8	46.8	20.7	4.8	11.5	11.6	3.8	6.5	37.5	35.7
Good government	1.1	35.3	27.8	4.8	15.4	25.6	11.5	13.8	50.0	35.7
Order	12.7	4.2	8.6	9.5	15.4	4.7	11.5	9.3	12.5	0.0
Nothing	54.0	4.7	35.4	42.8	38.5	48.8	30.9	46.3	0.0	28.6
Nothing good	26.4	0.3	5.0	38.1	19.2	9.3	42.3	20.4	0.0	0.0
(N)	(87)	(312)	(198)	(21)	(26)	(43)	(26)	(108)	(8)	(14)

of the communist voters have an antiestablishment image of the PCI, as opposed to one-quarter of the DC voters, and more than one-third of the MSI voters. The liberals and neofascists have a similar image of the PCI, except that, unlike the neofascists, one-quarter of liberals have a reformative image of the PCI.

Having said this, we must add that the most significant element of difference with respect to the PCI is not the reformative image or the antiestablishment image but rather the conviction that the PCI is a party just like the others, from which one cannot expect anything. This opinion is shared by a quarter to a half of the voters of each party, with the exception of voters of the PCI and the parties of the new left. One important conclusion is that the depolarization seems to have two different origins: the relegitimization of the PCI and the delegitimization of all the parties in general.

If this is the picture for the PCI voters, what can we say about the members (Table 8)? Only 14 percent of Fiat white-collar workers who are PCI members expect their party to make fundamental social changes to the workers' benefit if it joins the government. Nonmembers balance this image of the party with a rightist image such as "nothing good," which is held by 11 percent of those questioned. The majority of members of the PCI (83 percent) have hopes for social reform and good government, and the majority of nonmembers have either no expectation or expectations of social reform. However, the majority in both groups do not hold antiestablishment images of the PCI and do not consider it a catastrophe for Italy if the party participates in the government; rather they recognize for the party the same legitimacy they recognize for all the other parties.

Another relevant form of participation is trade unionism: the indicators of union participation include membership, participation in meetings at the work place, and discussions with delegates. All these members seem to have moderate expectations in dealings with the PCI, which become more positive the more they are involved in union activity, but for the most part stay within



Table 8. Expectations by Fiat white-collar workers from PCI participation in the government, classified by topic. (percentages)

	<u>Radical changes</u>	<u>Good government</u>	<u>Nothing</u>	<u>Nothing good</u>
PCI members	14.5	83.1	2.4	0.0
Nonmembers	2.6	44.3	41.6	11.5
Union members	5.8	63.9	25.7	4.6
Nonmembers	2.8	42.4	42.6	12.2
Regular strikers	5.6	58.8	30.8	4.8
Occasional strikers	2.8	41.9	43.9	11.4
Nonstrikers	0.8	34.7	44.2	20.3
Regular participants in union meetings	6.6	62.9	26.5	4.0
Occasional participants in union meetings	1.5	43.6	43.5	11.4
Nonparticipants in union meetings	2.4	37.9	45.5	14.2
Frequent contact with [union] delegate	4.6	54.6	33.9	6.9
Rare or no contact with delegate	1.7	38.7	45.4	14.2
Delegates	14.3	64.3	19.0	2.4
Nondelegates	3.0	47.0	39.5	10.5
All staff	3.4	47.0	39.1	10.5

the framework of a reformist image of the party. By contrast, more aggressive attitudes seem to be characteristic of the first level of the union hierarchy: the delegates. The expectations of delegates are not only more positive than those of other members, but also, by a narrow margin, (14 percent) clearly more polarizing. In other words, these delegates seem to have attitudes typical of the avant-garde in the Leninist sense or rather reflecting the new radicalism of the middle classes in relation to the recent changes in the plant and society. One conclusion suggested by our data is that, both among the public and party members, this more modern segment of the middle class has moved far ahead on the path of a contemporary relegitimization of the right and left poles of the political system and the attribution of prosystem orientations to the PCI. It seems that to the degree that political and union leaders are exposed to the judgments of the ballot box and the attitudes of strikers and of members of the PCI, they receive depolarizing signals. On the other hand, when they

confer with the delegates they receive messages which are more polarizing in tone. The political and local union leaders have more frequent interaction with the delegates, and therefore use the latter as the reference group and framework of the party and union at the local level. At the national level, on the other hand, the party and union leaders have more frequent interaction with the public, which has a more depolarizing message. The national leaders are also in contact with the party's subsidiary organizations, which may convey messages which are less prosystem to the degree that these organizations interact with the delegates, who hold more polarizing views. This process of communication can result in definitions of the situation which are ambiguous and ambivalent; the results of a series of misunderstandings and errors in evaluation,<sup>11</sup> as, for example, during the Fiat crisis of 1980-1981, culminating in diverging and sometimes erroneous evaluations of the propensity to strike of Fiat blue-collar workers, white-collar workers, and managers, as the events which occurred demonstrated.

Some data from our investigation indicates that a similar divergence between a depolarizing public opinion and polarizing delegates could be an old formula for a new phenomenon, that is, a new kind of radicalism of the middle classes. These conflicting tendencies are not only a matter of scientific interpretation, but also are reflected in the social definition of reality by various groups. In effect, the ambiguity of the messages coming from various collective elements can cause, and has caused, political fluctuations in the PCI and trade union. It has caused polarizing reactions in the party system, to the degree that the new radicalism is codified according to the traditional prosystem/antism dichotomy.

Rather, the new radicalism of the industrial classes pragmatically recognizes the democratic system and takes it for granted; this new radicalism is manifested in all the advanced Western countries in a variety of attitudes, called postmaterialistic or "posthardship" [in English]. These attitudes--which differ from the "radical professionalism" [in English] of high expectations regarding the quality of working life and of life in general--distinguish the political conflict from industrial conflict, and negotiate all kinds of decisions in the social system. This new attitude has extended from the middle classes to those elements of the working class whose status has improved as a result of economic development. This is one more evidence of the fact that "becoming middle class" does not mean the end of conflict. By their same nature, the cited new attitudes supercede more traditional differences between the class consciousness of the blue-collar and the white-collar workers.

As we have seen, the rules of the game in industrial democracy and political democracy do not show a strong reciprocal correlation; nevertheless, there is some correlation between attitudes favoring political participation as a fundamental value of democracy and the propensity for negotiation in relations between blue-collar workers and the plant. Political modernization could well be the process which is affected by both these orientations. As a considerable school of thought has proclaimed, in an advanced society class conflict appears as an institutionalized practice of negotiation within factories and with management. It would be surprising if the blue-collar workers did not

perceive this practice as the norm in their daily lives, corresponding, within the plant, to participation, which constitutes a postmaterialistic value in the broadest political system. The idea that participation is a typically post-materialistic value of an advanced society is also suggested in numerous other studies<sup>12</sup> carried out in other, more advanced countries.

#### Who Is the Negotiator Now?

It might be interesting to know who are participators and who are not. In the effort to identify the new actors in the social conflict, some neo-Marxist authors have drawn attention to the labor market as one of the principal causes of stratification of wage-earning workers. Several of the earliest versions of this hypothesis were seriously invalidated by the fact that no lasting opposition movement, with the exception of feminism, let alone any revolutionary movement, has originated from the marginal sectors of the advanced societies (students, racial minorities, elderly, etc.). Nevertheless, structural divisions between workers who are "part" of the fixed capital of the plants in which they work, and workers who can only be regarded as variable capital of the plants and the system, were demonstrated and strengthened during the long crisis of the 1970's, as a result of the policies of social security and the labor center, the uncertainty of the market, and the return to the traditional sexual division of labor in the family. It would not be realistic to assume that these factors did not have any effect on attitudes, if nothing else because each one's source of income and hours in the workday are such an important part of daily life, aside from more narrowly theoretical considerations.

The hypothesis can also be tested by the data on white-collar and blue-collar workers in our sample. Table 9 contains a preliminary analysis of the data on the basis of some variables which can provide a classification by specific subject categories; these are also revealing with respect to the position of workers in the stratification of the labor market.

The white-collar workers are less to the left than the blue-collar workers, and the leftist white-collar workers are more in favor of negotiation than the leftist blue-collar workers. Female blue-collar workers are less leftist than their male colleagues, while the reverse is true for the white-collar workers. However, leftist women working in the establishments studied were less in favor of negotiation than their male colleagues. Also, younger white-collar and blue-collar workers are more leftist than their older colleagues, and less favorable to negotiation if they are leftists. For various reasons, white-collar workers, women, and youth are all groups of more recent political socialization and union mobilization. It is thus not surprising to find these new radicals less favorable to negotiation than the older radicals, who are more often adult, male blue-collar workers. The level of education is also an important factor, especially in regard to leftist white-collar workers, who are more favorable to negotiation the more education they have had. Professional training is also a factor: The more skilled the white-collar or blue-collar workers are, the less leftist they are, while skilled leftist blue-collar workers are more favorable to negotiation than others. The same applies to qualification levels assigned by the factory. Those holding positions in the hierarchy tend to be less oriented to the left, and tend to be more in favor of negotiation, even if the supervisor or the manager is leftist.

Table 9. Which of the various categories of Fiat white-collar and blue-collar workers are more "leftist" and more favorable to negotiation with the owners? (percentages)

<u>Responders</u>	<u>"Leftist"</u> <u>white-collar</u>	<u>Pronegotia-</u> <u>tion</u> <u>white-collar</u>	<u>"Leftist"</u> <u>blue-collar</u>	<u>Pronegotia-</u> <u>tion</u> <u>blue-collar</u>
Men	40	67	69	57
Women	48	67	64	42
Young people	49	62	68	50
Adults	40	67	57	58
Older people	35	83	57	62
With higher training	37	68	--	--
With medium training	42	66	61	57
With lower training	42	58	58	56
In skilled position	39	66	58	63
In semiskilled position	43	65	61	53
Regular job	44	62	60	52
With high qualifications	38	74	57	62
With low qualifications	46	57	62	51
Foremen or manager	30	75	38	61
Not foremen or manager	45	61	60	56
Overall	42	65	59	56

The more skilled, the more educated, and those with the highest qualifications are groups characterized by less recent political socialization and union mobilization and are also less easy to mobilize for the trade unions and the leftist parties: Our white-collar workers are "old radicals" because they are better educated; by contrast, the new members who came up during the 1968-1972 struggle are assumed to be relatively less skilled, less educated, and with lower qualifications.

Old and new radicals, and old and new members are simply ideal types which are useful in presenting our interpretation. From a statistical point of view, no attitude varies significantly with sex, age, or profession. A multifaceted analysis confirms the role of education and, to a lesser degree, skills in determining negotiation approval attitudes among leftist white-collar and blue-collar workers, and this is one of the main indicators of the process of modernization that we have hypothesized as being one source of both radicalism and deradicalization.

The old radicals with an attitude favoring negotiation seem to be in a stronger position on the labor market, and in what they have to offer are more frequently characteristic of the main labor force. By contrast, individuals who can call themselves new radicals possess characteristics of the marginal labor force. The distinction must be treated with caution, since the sample studied is not sufficiently varied to provide really convincing statistics on the existence of such a correlation.

In fact, from the demand point of view, the Fiat blue-collar workers could be regarded by definition as main labor force. However, some elements of the marginal labor force can be identified among those hired by Fiat, which took them on in response to union pressure during past favorable periods in the auto market; they are today among the first to be subject to layoff. This means that our sample may be sufficiently varied to suggest at least some evidence for the theory of a dualistic labor market as the cause both for deradicalization and the new radicalism, and thus of the deradicalization of the main labor force and the new radicalism of the marginal workers.

It is our view that these two groups share cultural traits and values typical of an advanced modernization, although the marginal group may appear less modernized to the extent that it shows a cooperative or antagonistic, but not negotiative, attitude, does not believe in participation, has a more polarized political attitude, belongs to more recently unionized elements, etc. The attitudes of these marginal groups seem different in origin and nature, at least as regards some of their members, from the corresponding, conventional modern attitudes. It is interesting to note that, in our sample, political choice and other political behavior are not associated with the antagonistic orientation but more with the harmonious and pronegotiation attitudes, contrary to the classical assumed pattern of the working class having an antagonistic class consciousness in a liberal-modern capitalist society.

This propensity for conflict and antagonism without the expected effects--that is, leftist political behavior--is typically postmodern. In the same way, identity of interests between employees and owners is no longer an attitude of modern deference when relating to a position in the hierarchy, as in our sample; on the contrary, he seems to fall into the "organization man" category of attitudes of an advanced society. In other words, contrary to our expectations as expressed in the original type classification of attitudes on industrial relations, the antagonistic view may also be, in our case, a manifestation of a new, postmodern radicalism, a new antagonism which has found an old way to express itself, perhaps due to the Marxist tradition in the Italian leftist political culture and in the context of the recent wave of political socialization born of the struggles of 1968-1972, the collective movements of students, women and youth, and the changed role of foremen and managers.

Thus, for the blue-collar and white-collar workers questioned, the social roots of polarization are changing, and the problems the PCI faces no longer relate to whether it is oriented antisystem or prosystem, but to its orientation to the left in the political and ideological spectrum of public values and expectations, and in relations with the employees, both manual and other, in industry.

As many scholars have shown,<sup>13</sup> the PCI, different from other European parties which represent the working class, seems too much indebted for its success to class or subclass, main groups or marginal groups, historical organizations of the working movement or new collective movements such as agents of political socialization, and materialistic or postmaterialistic orientations.

Nevertheless, the relationship between the PCI and the Fiat workforce, white-collar and blue-collar workers, is an interesting test, not only for the PCI but for the whole European left.

#### Summary and Conclusion

The first results of the Fiat study seem to establish favorable ground for two related hypotheses. The first is that there is an emerging deradicalization of political orientations which, on the one hand, is easing the ideological polarization of the Italian party system and, on the other, is strengthening the legitimization of the PCI as candidate for government participation. Anyway, the party system as a whole encourages legitimacy. The second hypothesis is that a new radicalism is appearing as a result of modernization and of new segmentation of the labor market; a new radicalism which challenges the union and party organizations both in the plant and in society, and the PCI above all.

These results are consistent with the results of other studies which reveal an increasing depolarization of the Italian political system along with deradicalization of the main protagonists in the social conflict. Nevertheless, just as in other European countries, the Italian political system is facing the demands of the new forms of radicalism of the postmaterialistic culture along with trends toward political apathy. The two phenomena--depolarization and new radicalism--seem also to have relevance to the political conflict and to party membership and support, apparent in "incoherencies" not predicted in traditional models.

The PCI, unlike other European worker parties, would seem to owe too much of its success to deradicalization or the new radicalism for it not to be seriously worried about this.

#### FOOTNOTES

1. The well-known paper by G. Sartori, "Parties and Party Systems," Cambridge, 1976.
2. Among the main studies we should note G. Sani, "La nuova immagine del PCI e l'elettorato italiano" [The New Image of the PCI and the Italian Electorate], in D.L. Blackmer and S. Tarrow, in "Il comunismo in Italia e Francia," Milan, 1976; R. Leonardi, "Polarizzazione o convergenza nel sistema politico italiano?" [Polarization or Convergence in the Italian Political System?], A. Martinelli and G. Pasquino, in "La politica nell'Italia che cambia" [Politics in a Changing Italy], Milan 1978; A. Marradi, "Immagini di massa della DC e del PCI" [The Masses' Images of the DC and the PCI], *ibid.*; A. Marradi, "Dimensioni dello spazio politico in Italia"

[The Break Between Values and Political Choices in Italy], RIVISTA ITALIANA DI SCIENZA POLITICA, 1980, 1.

3. Research on the conditions of Fiat workers sponsored by CESPE and carried out by the PCI Federation of Turin and the A. Gramsci Piemonte Institute of Economic-Social Sciences in Turin in February 1980. The first results have been published: A. Accornero, A. Baldissera, S. Scamuzzi, "Ricerca di massa sulla condizione operaia alla Fiat" [Large-scale Research on Working Conditions at Fiat], BOLLETTINO CESPE--"Congiuntura Sociale" [CESPE Bulletin--Social Situation], 1980, 2, pp 1-22; A. Baldissera, S. Scamuzzi, "La condizione degli impiegati alla Fiat: un 'inchiesta" [Employee Conditions at Fiat: an Investigation], POLITICA ED ECONOMIA [Politics and Economics], 1981, 1, Suppl., pp 40-48.
4. The establishments were as follows. For blue-collar workers: Altecna--Bari, Weber--Bologna, OM--Brescia, Lancia--Chivasso, OM--Suzara (Mantua), Comau--Grugliasco, Ferrari-Modena, and Framtek, Nebiolo, Rabotti, Morando, Iveco-Ricambi, TTG 2-Stura, and Teksid-Venaria in Turin. For staff: OM--Brescia, Fiat-Cento (Ferrara), Comau--Grugliasco; Rivalta Carrozzerie, Meccanica and Presse (Turin); Sorin-Saluggia (Vercelli); Termoli-Fiat (Campobasso), Ferriere (Turin); Lingotto Carrozzerie, Gestione Enti Centrali, and Presse (Turin); Mirafiori Fonderie, Fucine, Gestione Enti Centrali, Engineering, and DIC (Turin); Morando (Turin).

The data presented in this paper are statistically representative of the blue-collar and white-collar workers of these establishments and sectors, not the entire Fiat group. We are able to supply such full information because of the variety of the sources (not Turin alone and not limited just to individual sectors of the Fiat group). The variation in "establishment," moreover, did not have more than a slight effect on the variables studied (particularly the image of the PCI, democracy, and industrial relations): a few percentage points higher or lower than the average for each factor, depending on the survey location. This aspect will be studied more thoroughly at a later date.

5. Cf. A. Giddens, "La Struttura di classe delle società avanzate" [The Class Structure of the Advance Society], Bologna, 1975, from a summary.
6. A case of "settlement by argumentation"; cf. S. Veca, "La società giusta" [The Just Society], Milan, Il Saggiatore, 1982, p 90.
7. D. Lockwood, "Fonti di variazione nell'immagine della società degli operai" [Sources of Changes in the Workers' Image of Society], 1966, in M. Paci (edited by), "Immagine della società e coscienza di classe" [Image of Society and Class-Consciousness], Padua, Marsilio, 1973, especially p 143, and W.H. Whyte, "L'uomo dell'organizzazione" [The Organization Man], 1956, Turin, Einaudi, 1960, especially pp 42 and following.
8. A. Baldissera, "Le immagini del terrorismo tra gli operai della Fiat" [Fiat Blue-Collar Workers' Images of Terrorism], POLITICA ED ECONOMIA, September 1981.

9. S. Bialer, "The Resurgent and Changing Nature of the Left in Industrialized Democracies," in S. Bialer and S. Sluzar, edited by, Radicalism in the Contemporary Age, Boulder 1977, Vol 3.
10. G. Sani and G. Sartori, "Frammentazione, polarizzazione e cleavages: democrazie facili e difficili" [Fragmentation, Polarization, and Cleavages: Easy and Difficult Democracies], RIVISTA ITALIANA DI SCIENZA POLITICA, 1978, 3, analyze other cleavages which could lead to different conclusions.
11. The shortcomings in the present organization of trade union democracy are another factor which affects the communications process. That issue is, however, not within the subject of this paper.
12. R. Inglehart, The Silent Revolution," Princeton 1977.
13. S. Hellman, "Il PCI e l'ambigua eredita dell'autunno caldo a Torino" [The PCI and the Ambiguous Legacy of the Stormy Autumn in Turin], Il Mulino, 1980, p 268.

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CSO: 3104/231



## PCP'S BRITO ATTACKS AD, PS OVER CONSTITUTIONAL REVISION

Lisbon AVANTE in Portuguese 24 Jun 82 p 5

[Interview with Carlos Brito, chairman of the PCP parliamentary group; date and place not specified]

[Text] Constitutional revision and the role of the AD [Democratic Alliance] parties and the Mario Soares branch of the PS [Socialist Party] in the process now occupying the attention of the Assembly of the Republic, the outlook as to whether or not the revision may be completed in a form that will thwart the basic interests of the majority of the Portuguese, the performance of the rightwing parliamentary majority during the months that it has dominated the Assembly, the results of the Assembly's activity, and the role of the Communists in the Assembly of the Republic were a few of the topics discussed by comrade Carlos Brito, chairman of the PCP parliamentary group, in this interview with AVANTE.

AVANTE: The Standing Committee of the Assembly of the Republic decided on the 16th of this month to keep the Assembly of the Republic in plenary session until 31 July. What is the political significance of that decision?

Carlos Brito: The Standing Committee's decision is not really a surprise. The normal legislative session, which ends on 15 June, has been extended practically every year for a more or less lengthy period, and doing so requires a decision by the Standing Committee.

The novelty this year is that the purpose of the extension--not the only one, but absolutely the dominant one--is constitutional revision. It should be noted that the motion as approved does not say "to continue the work of constitutional revision," but "to proceed with the revision." In other words, to complete it. That is what is very serious. It reflects the desire by the AD and the PS, which supports it on this point, to impose a revision on the quick by forced marches: by preventing discussion, putting a gag on the mouths of the parties and deputies that oppose the shameful agreement between the AD and the Mario Soares branch of the PS, and, in short, by pushing through constitutional changes that are extremely dangerous for Portuguese democracy. By moving as quickly as a cat on a hot stove, they are trying to catch the country unawares

while it is distracted, with many people on vacation and the televised broadcasts of the World Cup going on.

AVANTE: Does this mean that the revision of the constitution is going to be completed by 31 July?

Carlos Brito: No, it doesn't. What the AD and the Mario Soares branch of the PS want to do is get the revision over with as soon as possible and no later than 31 July if it is not possible before that. That is why they imposed special rules for the revision. For example, those rules give the PCP parliamentary group (comprising 39 deputies) an average of only 1 minute and 8 seconds in which to speak on each proposed amendment. Despite that policy, which we have dubbed the "gag rule," the process has been delayed by the AD's inability to make its deputies show up punctually. As a rule, about 2 hours out of every working day are wasted waiting for the AD deputies to show up. Because of that, the forced march established by the AD leaders and Almeida Santos, the PS leader, is considerably behind schedule. So no one can guarantee that the revision will be completed by 31 July. And up to this point we have only been talking about reasons of a technical nature. It should not be forgotten, however, that the democratic and people's struggle which has been vehemently underway for the past few months and which will not stop may have its effect at any moment and prevent a revision that would threaten democracy.

AVANTE: Specifically, what stage has been reached in the constitutional revision?

Carlos Brito: I take it that you are asking about the votes taken in the full Assembly, and that is what really counts at the moment. I believe that the best way to answer you is to draw a quantitative picture and that the best way to do that is as follows:

A total of 747 draft amendments must be voted on. So far, no more than 50 have been put to a vote. In other words, only one-fifteenth of the proposed amendments have been dealt with, but about one-fourth of the total time allowed has been used up.

Moreover, that total of 747 draft amendments just referred to will have to be supplemented by proposals concerning transitory provisions, and that will also delay the process.

It should be pointed out, however, that at any moment, the AD and the Mario Soares branch of the PS may accelerate the pace of the work by not using their entire time allotment--which constitutes the lion's share of the times allotted.

#### Main Issues

AVANTE: Since constitutional revision is currently the focal point of the struggle between the forces of democracy and the reactionary forces, how can one explain the fact that in this first phase of the revision work, several of the votes have been unanimous?

Carlos Brito: The answer is very simple: it is because those votes were concerned with amendments which do not reflect, at least in the current circumstances, the most basic areas of opposition between democracy and the reactionary forces.

The AD and the Mario Soares branch of the PS were very careful not to start at the beginning--with article 1 and continuing from there--and their purpose was to prevent the opposing interests of the forces of democracy and the reactionary forces from leaping into view right at the start. Voting actually began with article 18, and so far it has been restricted to rights, freedoms, and guarantees. In those areas, for tactical reasons, the AD has retreated considerably from the restrictive proposals contained in its initial draft, and the reason is that it knows that the solutions adopted depend in practice on the concessions it wins from the PS in the basic chapters on the organization of political power. But even so, it should be noted that all the articles relating to the mass media--which are concerned with a momentous matter and should have already been voted on--have been sent back to committee. It should also be noted that as soon as we got to an issue as important to the security of the citizens as the guarantees against deprivation of freedom or one of such great interest to the workers as the ban on firing employees without just cause, the unanimity was over, and very tough confrontation suddenly broke out between the PCP parliamentary group and the AD groups.

It is that climate which will characterize the debates in the Assembly of the Republic, especially when we get to the economic organization of the state and very especially when we get to the organization of political power.

AVANTE: What are the main issues in the revision of the constitution?

Carlos Brito: A little of what I said before is already coming to pass. The main issues--but not the only ones--are these: what really characterizes a constitutional revision based on the agreement between the AD and the Mario Soares branch of the PS is the fact that it would thoroughly change the system of political power: it would transfer to the government important political and military powers that currently belong to the president of the republic and the Council of the Revolution. The general purpose of the revision they seek would therefore be to strengthen the organs of sovereignty controlled by the AD to the detriment of those not controlled by the AD. As far as democracy is concerned, the most dangerous changes contained in the AD-Mario Soares PS agreement are the following: elimination of the Council of the Revolution without redistributing powers in such a way as to guarantee defense of the democratic system; the transfer of power to appoint the military commanders from the president of the republic to the government; the conferring on the government of numerous basic military powers that currently belong to the president of the republic and the Council of the Revolution; the adoption of solutions involving liquidation of the constitutional autonomy now enjoyed by the Armed Forces; the trimming of other powers belonging to the president of the republic by adulterating the principle of the government's double responsibility (to the president of the republic and to the Assembly of the Republic) and severely restricting powers to dismiss the government and dissolve the Assembly; and the establishment of a Constitutional Court (whose members are to be appointed

by the Assembly of the Republic to the exclusion of other organs of sovereignty) which will be organized in a way that cannot guarantee its ability to prevent unconstitutional laws and other legal texts from taking effect and being implemented.

Those are the big issues in the constitutional revision. They include the changes which, if approved, may lead to the destruction of the democratic system that emerged from the events of 25 April [1974].

It is clear that there are also a number of significant setbacks in that part of the constitution dealing with economic organization, but they cannot compare to those we have just stressed. It should be mentioned, for example, that the private banking system which Balsemao is going around promising to the big Portuguese and foreign capitalists has to do not with the revised provisions concerning economic organization but with the change in the Constitutional Court, whose functions are now performed by the Council of the Revolution, but which under the terms of the AD-Mario Soares PS agreement would be handed over to a body subject to the AD.

The entire change, therefore, [boils down to] three issues: the military commanders and the status of the Armed Forces, the government's double responsibility, and the Constitutional Court.

AVANTE: Cannot the so-called Zenha case and the attitude of the approximately 40 PS deputies who have made common cause with the chairman of the Socialist parliamentary group intervene to prevent approval by the Assembly of Mario Soares' agreement with the AD?

Carlos Brito: The so-called Zenha case and the attitude of the other deputies is unquestionably a significant event in the process of constitutional revision, since it reflects the fact that a great number of those in the PS parliamentary group, including several very outstanding Socialist figures, have disapproved of and even condemned main features of the AD-Mario Soares PS agreement. The leaders who go along with that agreement are working arduously, however, and using every means, including intimidation, to prevent that attitude of disapproval and condemnation on the part of many deputies from having any concrete effect on the voting. Because of that, it is not a good idea to harbor many illusions about the outcome of the voting in the Assembly!

Nothing Can Be Done?

AVANTE: By making that observation, are you trying to say that even if 40 PS deputies voted with the PCP, the MDP [Portuguese Democratic Movement], and the UDP [Popular Democratic Union], that would not be enough to make up the one-third needed to prevent the passage of constitutional amendments? How about the case of the Constitutional Court?

Carlos Brito: Let us take it step by step. First of all, when I spoke of not harboring many illusions, I had in mind the fact that the 40 PS deputies, plus the deputies from the parties that openly condemn Mario Soares' agreements with the Right concerning the revision, are not enough to make up the necessary

one-third--that is, the number of deputies required to block passage of any amendment to the constitution. But that is not all. The fact is that we know nothing about how the PS deputies who oppose the AD-Mario Soares PS agreement intend to vote.

As far as establishment of the Constitutional Court is concerned, it is known specifically that the UEDS and the ASDI will vote no. In this case, it will be easier to reach the required number of deputies for preventing passage of that amendment to the constitution. But nothing is known about the voting intentions of the PS deputies, and for that very reason, it is dangerous in this case, too, to harbor illusions.

AVANTE: Does this mean that nothing can be done? That there is no way to stop that amendment, which is so dangerous to Portuguese democracy?

Carlos Brito: No. Through magnificent struggles that include two general strikes and powerful demonstrations, the movement of workers and people has demonstrated beyond a doubt its will to defend the democratic system and to prevent a revision of the constitution that would turn into a criminal assault on Portuguese democracy.

We know what the solution is for effectively checking the revision that is now being carried out in accordance with Mario Soares' agreements with the AD. We know that the solution is to dissolve the Assembly of the Republic. That solution is coming to stand out increasingly as necessary, just, and urgent.

The inadmissible and antidemocratic restrictions that the AD and the Mario Soares branch of the PS have imposed on parliamentary debate and the failure to inform and enlighten the country are discrediting the constitutional revision now underway and even calling its legitimacy into question.

Dissolution of the Assembly of the Republic and the holding of legislative elections within 90 days, combined with the resignation of the Balsemao government and the formation of an impartial and democratic caretaker government, would make it possible not only to prevent that criminal revision of the constitution but also to elect an Assembly with a democratic majority and one capable of carrying out a revision in the interests of democracy. The president of the republic has complete power to make those decisions.

AVANTE: We have talked about the constitutional revision and about recent outstanding actions in the Assembly of the Republic. But what is your general evaluation of the parliamentary year that is now about to end?

Carlos Brito: It is a very negative evaluation. An analysis of the 105 plenary meetings held by the Assembly of the Republic between 13 October and 15 June reveals that that organ of sovereignty was practically paralyzed by the numerical majority of deputies still controlled by the AD. It also reveals that this session of the Assembly was unquestionably the least productive in terms of legislative production and specific answers to the major problems of the people and the country.

The Assembly of the Republic's activity during this period can be characterized by two dominant features: on the part of the AD, there was continuous action aimed at destroying the democratic system (by giving priority to completion of the unconstitutional revision of the constitution and attempting to place the exercise of the Assembly of the Republic's legislative and supervisory duties in the service of its own subversive plans). Second, resistance to the AD's antidemocratic and unconstitutional behavior made itself felt in the Assembly. In this latter area, the PCP parliamentary group acted in an outstanding manner, both by combating and denouncing the performance of the government and the government coalition and by taking initiatives that revealed and exposed the reactionary and antipeople character of the AD.

AVANTE: Would it be possible to characterize more specifically the basic features of that antidemocratic behavior on the part of the AD?

Carlos Brito: It can be said that the AD, which is still the majority in the Assembly of the Republic, has concentrated its efforts in three major directions: government control over the Assembly of the Republic, obstruction of initiatives by the opposition parties aimed at solving the problems of the people and the country, and erosion of the operation and constitutional role of the Assembly of the Republic.

Actually, over half of the legislative debates held during this session have been concerned with government bills. Of the 24 laws that were passed, 18 were initiated by the government and 1 was initiated by the Azores Regional Assembly, while only 5 originated in bills presented by the parties. And the AD intends to carry things even farther. During the extended session now underway, it is preparing to win passage of certain bills that have already been debated in general plus a voluminous package of legislative authorizations, including in particular the election swindle law and other items in the anti-local government package, revision of the Penal Code, and reorganization of the judicial system.

In addition, the AD has encouraged and protected in Parliament scandalous government actions and plans, in particular those aimed at restricting the rights and freedoms of the citizens and workers. It was behind the granting of urgent status to the notorious bill to liberalize the firing of workers and the termination of long-term contracts. It has approved every measure for economic and financial disaster and for attacking social rights in the field of health and social security that the government has asked it to. It proposed to amend the law on uncultivated land (in an attempt to sanction the dispossession that the government has been encouraging) and backed, in the blindest and most shameful manner, the repressive operations being encouraged by the government by giving its support to the minister of police, Angelo Correia, specifically during the tragic events of 1 May in Porto.

#### AD Obstruction

AVANTE: The AD's leaders have been saying publicly that the opposition has been given every opportunity to speak in Parliament and that there is no justification for any accusations of obstructionism.

Carlos Brito: Exactly the opposite has been happening, and this is easy to prove. Incidentally, the legislative session began precisely with the attempt to brutally reduce the opportunities granted to the opposition parties to speak and express themselves. This was done by revising the rules, and it culminated in the imposition of a gag rule (passed with the votes of the Mario Soares branch of the PS) to limit debate on the constitutional revision.

But as far as obstruction is concerned, it has been systematic and permanent. The AD has systematically boycotted any attempt to get opposition bills before the plenum. Of the bills that the opposition was able to get before the Assembly for debate--on the strength of its limited right to influence the agenda--13 were rejected (in particular, the PCP's bills to revoke the unconstitutional health fees and lower the retirement age for fishermen), and 13 have been waiting for months for a vote in committee (this includes in particular the scandalous blocking of the PCP's bill to guarantee the right of the handicapped to transportation).

Only four bills became law (and all of them were originally introduced in previous legislative sessions). Of the 61 bills presented by opposition parties in this legislative session, none has become law.

No less serious is the obstruction of initiatives aimed at putting the Assembly of the Republic's supervisory powers into effect. The AD voted against holding parliamentary investigations into the illegal actions of the management council of the RTP [Portuguese Radio-Television System]-PROENCISTA, the conduct of the PSP [Public Security Police] mobile assault force in Porto, and the whereabouts of the assets that used to guarantee the colossal debts owed to the state by former banker Afonso Pinto Magalhaes. It has also been boycotting the work of the parliamentary committee set up to investigate the scandals at the EPAC-AGA, in the procurement of aircraft, and in the illegal allocation of reserves in the agrarian reform zone.

What has been happening in the area of ratification of decree-laws is another crying scandal. The AD has been preventing them from being considered, either by opposing their presentation to the plenum or by blocking the drafting of the respective amendments in committee. Of the 149 pending ratifications, only those relating to 5 decree-laws have been debated and passed by the plenum. What we see is the scandal that instruments of such basic importance as the Code of Labor Procedure, the so-called Cooperative Code, the cork regulations, and the code on domestic employment have been waiting almost a year for the amendments to be approved.

AVANTE: So that is the basis for the accusation that the functioning of the Assembly of the Republic is deteriorating.

Carlos Brito: Yes, but the reality is even more serious.

It can be said that during this legislative session, the AD has hastened the deterioration and curtailment of the constitutional role of the Assembly of the Republic and the deputies, no matter how many lies it tells--with conspicuous hypocrisy--about its "love" for the parliamentary institution.

In this connection, we have witnessed unprecedented scandals in the life of the Assembly. The prime minister conspicuously took the liberty of ignoring his constitutional duty to attend the debate on a motion of censure presented by the PCP! And as for Minister Angelo Correia, he has not hesitated to lie shamelessly to the deputies.

But the deterioration is also obvious when one looks at the operation of the parliamentary committees. The AD has been preventing the holding of regular meetings for real work, freezing the progress through channels of petitions from the citizens, and blocking and delaying legislative processes.

AVANTE: But isn't that the inevitable result of the growing contradictions, tensions, and tricks existing among the parties and personalities in the government coalition (not to mention the incompetence and lack of preparation that its deputies have been revealing)?

Carlos Brito: Those conditions are undeniable, and they have had repercussions on all aspects of the life of the Assembly, not just in terms of the committees. Never have those tensions, rivalries, and disagreements been as obvious in the plenum itself, in view of everyone, as they have in this legislative session.

Right at the start of the session, incidentally, the CDS [Social Democratic Center Party] candidate for speaker of the Assembly of the Republic was defeated in the first round of balloting, and the PSD [Social Democratic Party] was responsible for it. Months later, the CDS saw to it that PSD Deputy Rui Amaral was defeated four times before being elected to the Portuguese delegation to the Council of Europe. But I am sure we will all remember that it was the fault of the entire AD--government, PPM [Popular Monarchist Party], CDS, and PSD--that establishment of the municipality of Vizela was successively postponed in conditions that were shocking and harmful to the expectations and interests of the inhabitants. No less scandalous were the episodes that led to rejection of the amnesty for violations of discipline committed in the state-owned media and the amnesty extended to those arrested in the so-called PRP [Revolutionary Party of the Proletariat] case. In all those cases, it was a matter of initiatives which were also supported by deputies in the coalition. But the coalition openly engaged in procedural chicanery causing successive interruptions of the work and increased degrading pressures on its own deputies by requiring (successfully) that they either renege on their commitments or give up their seats.

As for incompetence and lack of preparation, they have been obvious both in the general debates and in specific debates (look at the recent case of the civil service package). The work of the plenum has also revealed very clearly the predominance in the government benches of ideas and attitudes that are violently reactionary and ultramontane (the phrase by Deputy Morgado during the debate following presentation of the PCP bills on maternity, family planning, and abortion sums up in an exemplary fashion the reactionary attitude that has been shown by the government coalition during this session).



## PCP's Work

AVANTE: And what has been the attitude of the PCP parliamentary group?

Carlos Brito: The PCP parliamentary group has persistently combated the subversive plans of the government and the coalition and fought for the dignity and effectiveness of parliamentary work.

Its work includes outstanding initiatives of great political significance, examples being its presentation of a motion to censure the Balsemao government and its interpellation of the government on the question of housing.

The PCP parliamentary group has tried to bring the real problems of the people and country before the Assembly of the Republic and to achieve just and appropriate solutions. That is what it has done in connection with freedoms, the defense of workers' rights, guaranteed rights for women, and so many other issues by appropriate means.

We have presented 23 bills (out of a total of 89), including such outstanding ones as those relative to the defense and protection of motherhood, the guaranteed right to family planning and sex education, and the legalization of abortion, as well as those aimed at guaranteeing the basic rights of citizens serving in the police forces, defending the right to housing and stronger local government (five bills), the guaranteed right to health, the distribution of complete food supplements to children of school age, abolition of the tenant farmer contract known as the "colonia," and the defense of workers' rights (revocation of the wage ceiling and establishment of the Northern Fishing School) and farmers' rights.

In addition, we have cooperated with other opposition parties in proposing the establishment of a committee to investigate the scandalous disappearance of the assets belonging to former banker Afonso Pinto de Magalhaes, challenging the constitutionality of government proposals to liberalize the firing of workers and allocate a TV channel to the church, and proposing the establishment of a contingent committee to deal with the problems of the handicapped.

During the second legislative session, the PCP deputies drew up 656 formal petitions to the government (out of a total of 1,935), of which only 274 were answered. They also submitted 43 decree-laws for ratification and delivered 80 speeches in the period preceding the day's agenda.

Continuing its contacts with the workers and the people in general, the parliamentary group held 74 interviews at Sao Bento, received 1,627 letters and expositions (and sent out 3,960 letters), participated in hundreds of public meetings (special attention should be drawn to those relative to the constitutional revision, the problems of mothers, family planning and abortion, and the educational system), visited dozens of firms, local governments, health establishments and schools, and took part in numerous meetings with workers and local voters.

All of that work enabled us to become better acquainted with the specific problems of the workers and inhabitants and to bring those problems before the Assembly of the Republic, thus honoring the PCP's commitments to the Portuguese people.

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CSO: 3101/49

## DEFENSE MINISTER'S PLANS TO CUT JOBS, SAVE MONEY

The Hague ANP NEWS BULLETIN in English 9 Jul 82 p 1

[Text] The Hague, July 8--Defence Minister Hans van Mierlo today unfolded plans to finance new equipment for the armed forces with money saved by shedding some 1,000 army and air force jobs in the next few years.

In a note to the second chamber's standing defence committee, the minister said the plans were still to be discussed with the Nato allies and included the following three economy measures:

- Abolition of one of the four Nike guided missile squadrons in West Germany in preparation for its replacement by the conventional Patriot system.
- The merger of the command and logistic structures of the Eindhoven and Gilzerijen air basis.
- Reorganization of the army corp's anti-aircraft guns and the merger of armoured anti-aircraft gun batteries into departments.

Mr Van Mierlo said the three measures combined would lead to the loss of some 1,000 jobs, 570 of which were now held by conscripts who would not be replaced when their term expires. Regular troops and civilians' would go to other jobs.

## Patriot System

The minister said the measures would not have been necessary if the Netherlands had fulfilled its 1978 pledge to the allies to raise defence spending by three per cent a year instead of 1.5% as had been the case in the past few years.

The retrenchments were foreshadowed in the recent interim budget which showed a 87 million-guilder cut in the 1983 budget.

Mr Van Mierlo said the planned retrenchments would lead to permanent economies from 1983 onwards.

The Netherlands had planned to replace the superseded Nike system by the mobile American conventional Patriot system towards the end of the 1980's, but now plans to do so as soon as possible. Mr Van Mierlo said he was aiming for 1986.

One nuclear squadron is to be abolished in 1983 as a first phase in replacing the Nike system.

CSO: 3120/75

## ESPIONAGE ACTIVITY OF USSR MILITARY MISSION

Bonn DIE WELT in German 7 Jun 82 p 5

[Article by Werner Kahl: "Moscow Spies Uncovered"]

[Text] Berlin--Air Force officers of the Soviet Military Mission (SMM)--immune from arrest in the Federal Republic by their status--have been discovered while reconnoitering the new multipurpose fighter plane "Tornado."

The strikingly specific information of the SMM "reconnoiterers" about secret Bundeswehr missions and practical testing of the NATO star, "Tornado," are being investigated this spring by Counter Intelligence, in conjunction with the discovery of two "moles" in the teletype network of the Bundeswehr, as recently reported (see DIE WELT 5 May 82).

The Federal Prosecutor's Office is investigating a 40-year-old reserve master sergeant, and his wife, who is 4 years older, for collaboration with the Eastern secret service. While the husband was working in the teletype center at Traunstein, his wife was employed at the telecommunications center of the Bad Aibling garrison.

Several weeks prior to the couple's arrest, a Russian commando, using secret forest paths, approached the air force firing range at the very hour when a bombing exercise had been scheduled for the new fighter plane "Tornado." This information was known only by a limited number of people within the military and the NATO Management Authority for Development and Production of MRCA" (NAMMA).

According to counterintelligence, the Soviet military secret service had been given by the agent couple the code for Bundeswehr and NATO teletype communications, at least within the Area Command South. Among others, the command centers of 21 air force headquarters, three air force bases and fighter bomber airfields are linked to the distribution network.

Minister of the Interior Gerhart Baum recently answered an inquiry by the CDU/CSU: "The Soviet military missions carry out intensive reconnoitering of military, and also civilian, objects in the Federal Republic of Germany. In the process they frequently violate restricted military areas, designated as such by the Allies."

9917

CSO: 3103/552

## GDR AGENT SENTENCED FOR ATTEMPTED ESPIONAGE

Bonn DIE WELT in German 16 Jun 82 p 5

[Article by Hans -R. Karutz: "Moscow's Agents Wanted To Crack U.S. Code in Berlin"]

[Text] Berlin--In recent months, the Soviet Union has attempted, through an East Berlin agent, to crack the most secret of all Western secrets in Berlin: Moscow wanted to break the code of the electronic NATO ear listening to the military heartbeat of the USSR. Randy B.--34-year-old sergeant in the U.S. Signal Corps--was to betray what was "top secret" at the U.S. Early Warning station, standing tall atop an artificial mount of rubble at the edge of Grunewald forest.

A criminal court in Berlin has now found Joerg Wilke, 42, a member of the East Berlin State Security Service, guilty of "attempted espionage." Under Allied law, he was given a 3-and-1/2-year prison sentence. The prosecutor had demanded a 5-year prison term.

What transpired in austere room 820 of the Moabit Criminal Court, permitted a glimpse into the carefully locked instrument chamber of Eastern secret services. The "wish list" of the Mielke Ministry [of State Security] in East Berlin, "Central Administration for Reconnaissance" section, and the Soviet Military Secret Service (GRU), included Western electronics and their operational principles, the code words of data banks, their modular switching network, and the cooperation between this Berlin Early Warning outpost and NATO.

Wilke maintained his silence even in the dock. The gentleman in the fashionable, dark blue, hand-tailored suit, with graying hair and sideburns, only took diligent notes. The facts spoke for themselves, and the young sergeant revealed them during hours of testimony.

It was on 20 July 1981 at 5:30 pm, when he received a phone call at home, at his military secret service number, from a certain "George" who inquired about a mutual friend, "Bob." The alert sergeant agreed to a meeting with the alleged representative of a "GDR" film company. However, as soon as he had hung up, the sergeant informed his security officer. From that moment on, agent Wilke walked during summer and fall on a short Allied observation leash. The young sergeant, father of two, voluntarily let himself be involved in the complicated East-West secret service scenario.

At their first meeting, Wilke offered him the standard souvenir of all GI's in Berlin: Two genuine Red Army uniform belts with hammer and sickle on the belt buckle--for \$14. During eight subsequent meetings, the "GDR" agent became not only more and more specific in his requests for information ("On the telephone book must be the word 'Confidential' in a casing"), but he also waved ever larger bundles of dollar notes--up to 10,000 of them.

"George" initiated the sergeant in the prestidigitator's art of folding secret papers in such a manner that they fit in a shirt pocket, and asked for carved signs on Brandenburg pine trees "if he had something else to deliver." Every meeting was recorded by Western--and apparently also by Eastern--camera lenses.

The end of the long espionage tunnel was reached when, on 1 December, the trap was sprung in a poorly lit pedestrian tunnel. In his own station wagon, the sergeant brought several hidden policemen along for meeting Nr. 9. Also apprehended were two majors; a first lieutenant of the Red Army; and a secret service officer cloaked as a secretary of the Soviet Embassy on Unter den Linden. They were released the very next day.

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CSO: 3103/552

GENERAL

GREECE

BRIEFS

JUDICIAL, DIPLOMATIC APPOINTMENTS--The Council of Ministers tonight held a meeting under the chairmanship of Prime Minister Papandreou. Among other things, the council appointed Yeoryios Konstas as president and Panayiotis Logothetis, Andonios Stasinou and Vasilios Linardhos as vice presidents of the Supreme Court. At the same time, by decree of the Council of Ministers, Panayiotis Markopoulos and Themistoklis Karousopoulos were appointed deputy chairmen of the State Council. The Council of Ministers also decided to appoint Nikolaos Dhimadhis as the Greek permanent representative at the EEC and Nikolaos Kiriazidhis as Greek ambassador in London. [NC092120 Athens Armed Forces Radio in Greek 2000 GMT 9 Jul 82 NC]

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END